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NEWS SUMMARY

GENERAL

Israel tightens border security

Israel tightened security along its border with Lebanon yesterday and waited to see whether Syria would heed its warnings not to crush embattled Christian forces in Beirut.

Officials described the new security measures as precautions against a possible Palestinian attack through United Nations lines in southern Lebanon.

Apart from sporadic sniper fire, Beirut remained calm yesterday. But the continued threat to resign by Lebanese President Elias Sarkis has raised fears of renewed fighting in the country. Back Page

Dissident trial

Anatoly Shcharansky, imprisoned Jewish dissident whose fate has prompted world-wide concern and intervention by President Carter, goes on trial on Monday in Moscow on charges of high treason. If convicted, he could be sentenced to death. Back Page

Arms swoop

Detectives from Scotland Yard's anti-terrorist branch detained a man in a London house and seized a suitcase containing arms and ammunition. The raid followed police inquiries into an alleged anarchist cell in London.

Hess plea

An all-party plea that Britain should take unilateral action to free Rudolf Hess, 84, from Berlin's Spandau prison, was rejected by the Government in the Commons.

Martina wins

Czech exile Martina Navratilova is Wimbledon's new woman champion, after beating Chris Evert 2—6, 6—4, 7—5 in a gripping Centre Court final. Today sees defending champion Bjorn Borg wage battle with Jimmy Connors for the men's title. Page 9

Bodies found

The bodies of four officials of Bishop Abel Muzorewa's United African Council have been found in shallow graves. The four, who disappeared two weeks ago on a peace mission in a Rhodesia war zone, had been shot through the head.

Van raided

Armed raiders snatched £10,000 of De Beers industrial diamonds and £100,000 in cash and valuables from a Post Office van on the Shannon Airport industrial estate, Co. Clare. Police believe the IRA may be involved.

Macleod to stay

Ally Macleod is to remain manager of the Scotland team, Scottish FA secretary Mr. Ernie Walker said last night, after a 4-hour inquest into Scotland's World Cup performance. A motion to remove Mr. Macleod from the post was defeated.

Damage charge

Jana Mintoff, daughter of the Maltese Prime Minister, and John McSherry, both of East London, were remanded on unconditional bail at Bow Street, charged with causing criminal damage to the House of Commons floor, after an incident in which manure missiles were thrown from the public gallery.

Appeal fails

Camden and Islington Area Health Authority lost an Appeal Court bid to reduce the £243,309 damages it was ordered to pay to psychiatrist Dr Lim Poh—severely brain-damaged by a mistake during an operation.

Briefly . . .

Margaret Trudeau, estranged wife of the Canadian Prime Minister, has accepted a leading role in a film due to be shot in France.

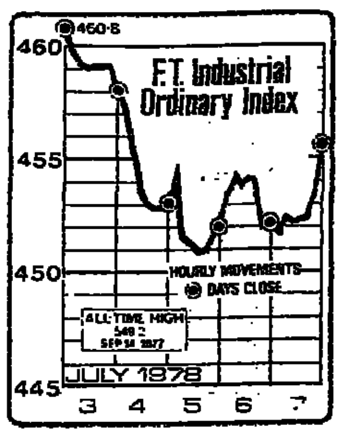
Red Brigades urban guerillas shot a Genoa businessman in the legs—their third victim in three days.

Lorry drivers lifted their five-day blockade at crossings into Austria after Government refused to cancel controversial road taxes.

BUSINESS

Equities gain, dollar weaker

● EQUITIES were lifted by Thorn Electrical's trading statement and proposed Euro-dollar loan. The FT 30-share index closed 3.5 up at 455.6.



● DOLLAR weakened—its trade-weighted depreciation widening to 7.6 (7.4) per cent. Sterling gained 60 points to $1.8735. Its trade-weighted index remained at 61.6.

● GILTS continued recovery, closing ¼ up. Government Securities Index rose 0.27 to 69.71.

● GOLD rose $1½ to $184½ in quiet trading.

● WALL STREET closed 5.29 up at 812.46.

● NIGERIA is to raise a $1bn Eurocurrency loan from international banks, its second within a year. Back Page

● PICCADILLY, the £9.5m fund management group will be taken over by a unit trust subsidiary of Antony Gibbs, the merchant bankers.

● BANK LOANS to the private sector may have to be cut sharply following the re-imposition of the "corset" controls, says a Barclays Bank survey. Page 3

● COAL BOARD has been granted further loans of £54m by the European Coal and Steel Community for buying underground plant and equipment.

Chrysler bid to end strike

● STRIKING toolmakers who have halted Chrysler car assembly in Coventry meet tomorrow to decide whether to return to work after talks with employers, unions and the Government on pay differentials. Back Page

● PAY AWARDS of over 12 per cent for local authority chief executives will be resented by town hall staff, the NALGO chairman has warned. Page 4

● STEEL UNIONS will fight any move to close the Glengarnock works in Strathclyde when British Steel presents plans for the plant to a TUC committee on Monday. Page 4

● WHITE PAPER on pay guidelines after Phase Three expires at the end of this month will probably be published in the week beginning July 24. Back and Page 14

COMPANIES

● THORN ELECTRICAL Industries, the TV, lighting, and domestic appliances group, will be allowed by the Treasury to raise its dividend by 72 per cent in connection with a cash raising issue. Page 16 and Back

● PRE-TAX PROFITS of the Sotheby Parke Bernet Group rose to £2.44m (£1.94m) for the six months to end of February. Revenue was up £3m to £13.64m. Page 16 and Lex

● LENNONS GROUP pre-tax profits for the year declined to £1.48m (£1.65m) because of a further drop in earnings in the second half. Page 16

● TENNECO can proceed with its £155m bid for full control of Albright and Wilson, the UK's chemicals group, having overcome possible trade union and Government opposition. Page 16

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Exchq 9½pc '81	£95½	+ ⅝
Exchq 12pc '13-17 (£45 pd.)	£44⅞	+ ⅜
Bulmer (H. P.)	120	+ 5
Davy Intnl	229	+ 7
GR (Hldgs)	350	+ 55
ICI	393	+ 6
Greene King	263	+ 8
Lonrho	168	+ 6
MK Electric	190	+ 7
Royal Worcester	155	+ 5
Thorn Elect	378	+ 28
Tridant Group	70	+ 4
Tube Invs.	548	+ 6
BP	882	+ 10
Shell Transport	554	+ 9
Guthrie Crp.	362	+ 17
Sabina	68	+ 8
Tara Exploration	925	+ 125

FALLS

AB Electronic	110	− 7
Fertleman (B.)	26	− 4
Gordon and Gotch	65	− 8
HK Shanghai Bnkng	328	− 9
HK Land	186	− 6
Yarrow	265	− 10
Warren Plants	227	− 11
Cent Pacific Minerals	525	− 50
De Beers Dfd	376	− 5

EEC to press ahead with currency plan

BY GUY DE JONQUIERES and JONATHAN CARR: Bremen, July 7

A DECISION to press ahead with the study of plans for an ambitious European monetary system, designed to end violent currency fluctuations and promote closer economic and monetary integration in the EEC, was approved today by Heads of the nine Common Market Governments.

The scheme aims to subject all EEC currencies to tight exchange-rate disciplines by limiting their fluctuation against each other.

It would be backed by a substantial joint fund of as much as $50bn, created through pooling up to 20 per cent of national gold and dollar reserves.

Though Mr. James Callaghan put his name to the agreement, he apparently did so with some reluctance. It is understood that Britain sought unsuccessfully to prevent publication of the lengthy final communique which sets out the main elements of the proposed system.

While insisting that he supported the objective of greater European currency stability, Mr. Callaghan said it would take more than technical currency schemes to achieve this. The EEC must also take parallel action to boost economic growth and effect a substantial transfer of resources from rich to poor countries.

The Nine have agreed to study ways of strengthening the economies of the less prosperous EEC countries as part of the overall currency stabilisation plan. But most EEC Governments, led by West Germany and France, appear resolved to try to put the system in operation by early next year, even if the UK is not prepared to participate.

There are some doubts about Italy's ability to play a full part initially, because of her economic difficulties.

The timetable agreed today calls on EEC Finance Ministers to launch a detailed study of the currency proposals on July 24. This will be continued at various levels in the following three months and will culminate in a final decision on the exact shape of the system at the end of October.

EEC heads of Government would then formally endorse the scheme when they met in Brussels on December 3 and 4, and declare whether they were prepared to participate in it. In principle the aim is to set up the system on January 1.

As envisaged at present the heart of the system would be a European currency unit similar to the European Unit of Account, which is a basket of all EEC currencies. It would be used as a means of settlement between EEC Central Banks.

Initially, the units would be issued against the deposit by EEC Central Banks of U.S. dollars and gold equal perhaps to 20 per cent of their combined reserves, now worth about $130bn.

In addition, they would deposit their own national currencies up to a similar value. These would be the main means of intervention on the exchange markets.

Though the exact margins of currency fluctuations permitted have yet to be decided, the intention is that the exchange rate disciplines would be at least as strict as those observed now by members of the currency "snake," which would remain intact until the new system came into effect.

At present members of the snake are obliged to prevent their currencies from fluctuating against each other by more than 2.25 per cent.

Initially countries not belonging to the snake would be allowed wider margins of fluctuation round their central rates for a temporary period.

It is also envisaged that countries with strong economic links to the EEC—such as Austria and Switzerland—could become associate members of the new system.

The official communique stresses that countries participating in the new system must co-ordinate closely their exchange-rate policies toward third countries, and particularly that for dollar intervention.

It suggests that the EEC Central Banks buying dollars should deposit part of their purchase, perhaps 20 per cent, in exchange for European currency units, while those selling dollars should receive a similar fraction against the units.

While a substantial part of the proposed central fund would presumably be set aside for direct exchange market intervention, it would also be authorised to issue medium-term credits. But these would be made available only if borrowers met certain conditions, as is the case for drawings on the International Monetary Fund at present.

While several other EEC Governments appear to have reservations about the form of the currency plan proposed, these appear mostly to concern the technical details of the system rather than its principle.

But the impression here is that Britain's hesitations stem from far more deeply-rooted causes, and a number of participants at this meeting are clearly sceptical about whether these will permit the UK to join in the system.

Mr. Roy Jenkins, President of the European Commission, said that it would be a great pity for Britain and the Community if the UK stayed out.

Mr. Callaghan, declined to forecast when Britain might be ready to take part.

He said that the scheme published today was not satisfactory because it dealt only with "monetary techniques," and more must be done to ensure that it did not have a deflationary impact on the weaker EEC economies.

Herr Helmut Schmidt, the West German Chancellor, who

Continued on Back Page
Editorial comment. Page 14

Standard of living almost back at peak

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

AVERAGE living standards in Britain are now at their highest level for three years, just short of the peak in late 1974.

Real personal disposable income—the best measure of living standards—has risen sharply since early last summer and between October and March was 5 per cent higher than in the previous six months.

This is shown by figures for Gross Domestic Product and personal income published yesterday by the Central Statistical Office.

The rise in living standards resulted from the combination of an accelerated growth of earnings, large tax cuts and a slower rate of price inflation after earlier pay restraint and last year's appreciation of sterling.

The timing of the tax cuts and rebates distorted the quarterly trend so that real disposable incomes fell fractionally (by less than ½ per cent) between the final three months of last year and the first quarter of 1978.

Continued

However, the January-March figure of £10.57bn, at 1970 prices, seasonally adjusted, was nearly 3 per cent higher than a year earlier. The peak figure was £10.74bn at the end of 1974.

The recovery is expected to have continued during the early summer, as delayed pay increases have come through. The CBI has estimated that living standards in the second quarter may have been more than 8 per cent higher than a year ago.

A further boost will be provided as the recent Budget tax cuts are implemented.

The rate of improvement is expected to slow down later in the year, though, as price inflation edges up again.

The official figures, by definition, only present an average picture and the individual position depends both on the timing and extent of pay rises.

The distortions to the trend produced by the tax cuts are also reflected in the level of personal savings.

The percentage of disposable income which was saved fell back during the first three months of this year to 14.1 per cent from the artificially high level of 16.2 per cent at the end of last year. The average for 1977 was 14.4 per cent.

This also reflected the delayed response of households to their higher disposable incomes. Consumer spending increased by about 2 per cent in real terms in the first quarter compared with the previous three months.

The improvement was concentrated in a limited number of areas. The volume of spending on durable goods rose by about 12 per cent while that on wines and spirits, tobacco, fuel and light was also buoyant.

Air France places orders for four B-10 Airbuses

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

AIR FRANCE yesterday joined the growing list of European airlines to place orders for the new, smaller, 200-seat B-10 version of the A-300 Airbus.

The airline said it planned initially to buy four B-10s, worth FFr 500m (about £58m), with delivery starting in 1983. Further orders would probably come later.

Iberia, the Spanish airline, has said that it is negotiating with Airbus Industrie, the European consortium building the aircraft, on a possible future purchase of Airbuses.

But whether these will be B-10s or the earlier and bigger 250-seat B-2s or B-4s is not yet clear. Alitalia of Italy is also studying the aircraft, as is Air Inter, the French internal airline.

Thus, Airbus Industrie, within 24 hours of announcing the go-ahead for the B-10, has collected preliminary orders and options for 35 aircraft (including 10 firm and 15 on option from Lufthansa and six from Swissair).

To these can be added the tentative option on 25 aircraft from Eastern Air Lines of the U.S., making a total of 70 aircraft.

This is regarded by Airbus Industrie as an adequate base on which to launch the new twin-engined jet. Although formal French and West German Government sanction to go ahead has still to be given, Airbus Industrie is understood to have been privately assured that those Government approvals will be forthcoming.

The B-10 launch is based on the existing partners in Airbus Industrie undertaking all the work on the aircraft. They include Aerospatiale of France, Deutsche Airbus of West Germany (which includes Messerschmitt and VFW-Fokker), Fokker-VFW of Holland and CASA of Spain.

British Aerospace, however, which builds the wings for the existing B-2 and B-4 versions of the Airbus on a private sub-contractor basis, is not included in the work-sharing plans for the B-10.

Any work for this country on the new jet is contingent on a UK Government decision to rejoin Airbus Industrie and make a substantial cash investment in the venture.

This time-scale is dictated by the need to meet the delivery dates of late 1982 and early 1983 now being agreed with the airlines. Production must get under way in 1979, which means finally settling the work and cost-sharing plans by end-1978.

Adrian Dicks writes from Bonn: West German officials closely concerned with the aerospace industry are taking the batch of orders for the B-10 as the most positive evidence yet that the aircraft has a good chance of commercial success.

Especially welcome are the decisions of Lufthansa and of Swissair to commit themselves to the aircraft. Both are regarded as having high economic and financial criteria, and as being independent of any form of governmental pressure.

Despite the politically highly-charged atmosphere in which Mr. James Callaghan, President Giscard d'Estaing and Chancellor Helmut Schmidt are thought to have been discussing aerospace at the EEC summit in Bremen, the Germans are insistent that commercial, financial and industrial conditions must be met before they will give it the green light.

Provisions by Hambros against shipping loans may be £20m

BY CHRISTINE MOIR

HAMBROS BANK has made "substantial specific provisions"—which could amount to more than £20m—against its loans to two troubled Norwegian shipping groups, Reksten and Waage.

The bank declared the existence of these provisions in a statement accompanying yesterday's preliminary figures for the year to March, but did not quantify them.

The bulk of the provisions has been made largely by transfers from internal reserves, so only the tip of them shows in the declared profits. Even there, though, despite an otherwise "highly successful year" in banking, the effect has been to reduce post-tax profits by £1.1m.

The true extent of the provisions can be gauged by reference to two other known facts.

These are that the provisions are based on the present day values of tankers—now estimated to be worth only 40 per cent of their book values in 1976—and that they are very much larger than the £9m write downs which Hambros made against its Reksten loans in 1976.

Unlike the 1976 write-offs

Results, Page 16
Lex, Back Page

(which Hambros had to make in return for guarantees from the Norwegian authorities on the interest on the remaining loans), yesterday's moves involved only provisions.

In a statement in Oslo yesterday, Mr. Haakon Nygaard, managing director of the Norwegian guarantee institute for shipping, said: "There is no question of Hambros Bank writing down its claims on Reksten just at present."

Mr. Nygaard would not comment on whether this meant Hambros had refused to make any further write downs or had not been asked to make them.

The negotiations are still continuing, but there are some signs of progress. The Norwegian Press thinks that they will be concluded within the next few weeks.

£ in New York

—	July 7	Previous
Spot	$1.8765-8775	$1.8670-8675
1 month	0.36-0.31 dis	0.40-0.35 dis
3 months	1.24-1.19 dis	1.20-1.16 dis
12 months	5.00-4.80 dis	4.85-4.70 dis

Philips to recommend prices

BY ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

THE HOUSEHOLD appliance division of Philips Industries is to re-introduce a form of retail price maintenance on goods including dishwashers and refrigerators.

It is bringing in a two-tier pricing structure with a base price below which it will discourage retailers from selling.

Philips Electrical said yesterday that this move had been forced on it by its competitors, which operated similar pricing policies and had refused to drop recommended retail prices when Philips did last year.

The household appliance division will give retailers a list of notional recommended retail prices. It does not seem to expect traders to sell at this price but retailers will be expected to sell at nearer what the division describes as its new "going price."

In some cases, these will be 25 per cent or more below recommended prices.

Shops will be allowed to advertise price cuts of a further 2.5 per cent but no more. This lower figure will become the "minimum advertised price."

The division, which seems to have surprised the holding company by publicly announcing the terms, was vague about how it hoped it would be able to reach agreement "by negotiation."

The Resale Prices Act, 1975, banned most forms of retail price maintenance but traders in several retail sectors, such as photographic equipment, have used "minimum advertised prices" as a way of getting round the ban.

These minimum advertised prices explain the remarkable similarities between the "bargains" offered in different shops, all of which claim big savings on manufacturers' prices.

The Office of Fair Trading has already said that it is worried about this practice in other sectors. The problem in starting any clamp-down is that it is often difficult to prove that supplies have been withheld from retailers specifically because they have cut their prices too much.

Last year, the whole Philips group decided to stop recommending retail prices on its consumer goods. It felt that recom-

Continued on Back Page

CONTENTS OF TODAY'S ISSUE

FEATURES

For latest Share Index 'phone 01-246 8026

OVERSEAS NEWS

U.S. inflation worsens as jobless figures improve

BY JUREK MARTIN, U.S. EDITOR WASHINGTON, July 7.

THE CARTER Administration's hopes of early relief from inflationary pressures were disappointed today when it was announced that wholesale prices rose last month by 0.7 per cent, the same rate as in May.

This rather took the gloss off the simultaneous disclosure this morning that unemployment had fallen quite sharply in June, to 5.7 per cent of the labour force. This compares with the 6.1 per cent rate that had prevailed in the previous four months and is the lowest level in nearly four years.

However, unemployment is now perceived here as a much less significant problem than inflation. This was underlined yesterday afternoon when, in the course of presenting the Administration's mid-year budget review, Mr. Charles Schultze, chairman of the Council of Economic Advisers, lowered the projected end-of-the-year jobless rate to 5.8 per cent (higher than last month's level) but revised upwards the forecast increase in consumer prices for the full year to 7.2 per cent.

Mr. Schultze held out the hope for improvement on prices over the balance of the year, predicting that in the next six months the cost of living would go up at an annual rate of only 5 per cent, half that of the year to date.

The June figures for wholesale prices did not presage an immediate turn for the better. The 0.7 per cent overall rise in the Producer Price Index for Finished Goods was underpinned by a 1.1 per cent advance in the food sector. This was actually more than double the 0.5 per cent food increase in May, and while it implies something under double digit inflation, it is clearly too high for comfort.

There was some abatement in the non-food sector, which went up by 0.6 per cent, compared with 0.8 and 1.0 per cent respectively in the two previous months.

Moreover, the parallel index covering goods at an intermediate stage of processing (that is, further away from reaching the consumer) showed a sharp 2.7 per cent drop in the food component, which had risen by 2.6 per cent in May.

But, given the climate of the times the Administration would have been happier if the promised improvement had shown up now, after the particularly bad returns of April and May.

The employment statistics showed that over 700,000 more Americans were in work in June than in May, while the jobless ranks shrank by 400,000. Teenage unemployment was reduced from 16.5 to 14.2 per cent, while the rate for adult men dropped to 3.9 from 4.2 per cent.

A question mark remains over how far the improvement in unemployment can last, given the more modest growth projections now in store for the economy. It is generally assumed that if the economy expands in real terms by anything under 4 per cent per annum, unemployment will not be cut. As it currently stands the Administration is reckoning on just a fraction over 4 per cent over the next 18 months, while many private economists have come up with lower forecasts.

Car industry has record June

BY STEWART FLEMING NEW YORK, July 7.

SALES OF U.S. manufactured cars last month hit record levels for June and sales in the first six months of the year reached their highest levels since the 1974 oil crisis.

Analysts are predicting that in spite of some slowdown in the second half of the year the industry's sales volume will increase this year for the fourth consecutive year.

However sales of imported cars, which have been hit by price increases as a result of the dollar's weakness, continued to make up a declining share of the U.S. market. Sales of imported cars last month totalled 187,000, down 4.8 per cent on the same month last year.

The imports share of the U.S. market slipped to 16.5 per cent in June, compared with 17.6 per cent a year ago. In January imports held a 20.8 per cent share of the U.S. market, but since then each month has shown a steady erosion.

Earlier predictions that JJune might be the best month for U.S. domestic car sales were not fulfilled, however. Although sales of domestically built cars rose 3.3 per cent to 949,849 units compared with a year ago, the figure is well below the 971,034 units sold in May 1971.

Combined sales of U.S. built cars and imports in June rose 1.9 per cent to 1,136,800—suggesting that even with some slowdown in the second half, total volume in 1978 will be above the 11.17m units sold in 1977. Ford Motor is predicting sales this year of 11.2m units and General Motors 11.5m.

The continued strength of car sales has been one of the surprising features of the U.S. economy in the second quarter of this year. There has been some concern that it reflects an inflationary psychology, with consumers going out and buying in advance of further price increases. The strong second quarter sales are also attributed in part to a recovery from the weak first quarter.

Nevertheless an analysis by Schroder Naess and Thomas suggests that consumers are now spending an extraordinary 6.5 per cent of disposable income on cars. They have been borrowing a high proportion of the cost and stretching out debt repayments to three years in order to maintain purchases.

The car industry itself is not forecasting a collapse of sales in the second half and disagrees with economists who do. However production schedules for the third quarter, as the industry moves into a new model year, indicate that the industry does not want to see a build-up of stocks.

Cyprus row starts over policy for federation

A row has broken out between President Spyros Kyprianou and Mr. Tassos Papadopoulos, the chief Greek Cypriot negotiator in the deadlocked intercommunal talks, as to who follows more correctly the policy on Cyprus as formulated by the late President Makarios, our correspondent reports from Nicosia.

In a recent speech, Mr. Papadopoulos, who has not been on very good terms with Mr. Kyprianou, clearly hinted that the President was deviating from the Makarios line. A Government spokesman said yesterday that the "Makarios proposals" for a bi-regional federation had not been withdrawn but would not say whether Mr. Kyprianou stuck by them as the Greek Cypriots' negotiating position.

Italy presidential poll

Italian politicians have failed for the 13th time to elect a new President and efforts got under way to win extra support for the Socialist representative, Sig. Antonio Giolitti, now a member of the EEC's executive committee, Reuter reports from Rome. The 935 electors from the Senate, Chamber of Deputies and regional governments have been trying to choose a replacement for Sig. Giovanni Leone, who resigned from the largely ceremonial office over allegations of tax evasion. In initial voting yesterday for the various candidates, 424 electors abstained and 88 cast blank ballots.

French Socialists meet

The French Socialist Party will this weekend hold crucial policy meetings which may bring moves to oust the veteran party leader, M. Francois Mitterrand after the Left's General Election defeat last March, Reuter reports from Paris.

Croissant extradition

France's leading constitutional body ruled yesterday that the Government acted legally in November with its speedy and controversial extradition of Left-wing lawyer Klaus Croissant to West Germany, Reuter reports from Paris. The Council of State ruling closed the case. At the time the extradition order was strongly criticised, especially by the French Magistrates' Union president, Andre Braunschweig, who declared the case had been marked by a lack of respect for judicial authority.

Contracts queried

Senator William Proxmire said he wants the Senate Armed Services Committee to hold hearings on the Navy's proposed settlement of ship building contracts with General Dynamics and Litton Industries, after both companies filed claims with the Navy for more money for additional costs, Reuter reports from Washington.

Fukuda for Paris

Mr. Takeo Fukuda, the Japanese Prime Minister will meet the French Premier, M. Raymond Barre in Paris on July 15 before attending the Bonn summit conference on July 16-17, according to the Foreign Ministry, Reuter writes from Tokyo. The Prime Minister will be joined in Europe by the External Economic Affairs Minister Mr. Nobuhiko Ushiba, who is attending multilateral trade talks in Geneva before the summit.

Philippines economy

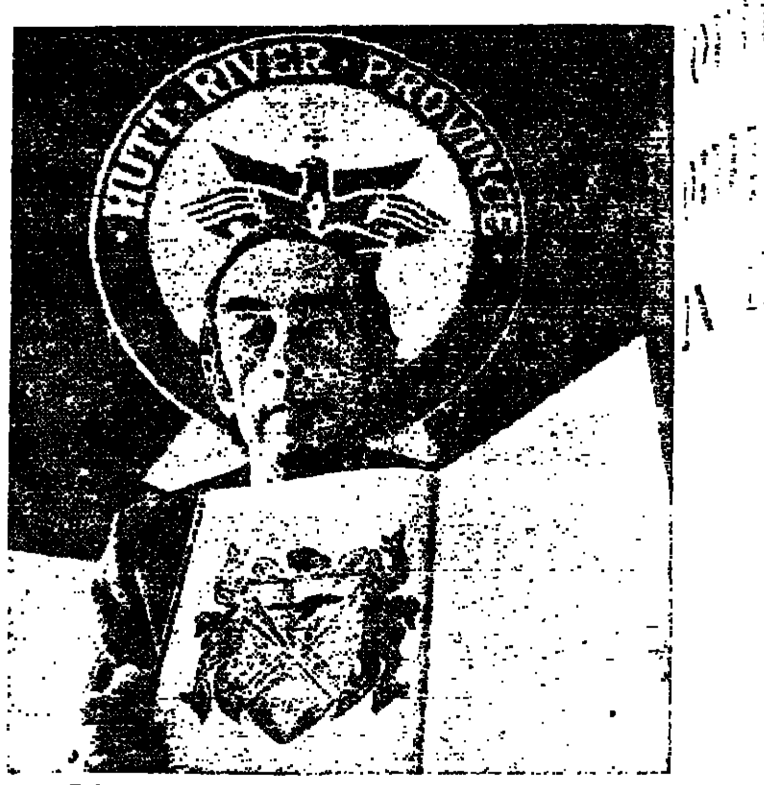
The Philippine Central Bank has reported an improvement in the nation's economic performance during the first half of the year, says an AP-DJ despatch from Manila. The improvement was due to better "world demand outlook and the adoption of domestic policy measures intended to accelerate the momentum of stable non-inflationary growth," the central bank raid.

Belgian strike off

Employees at the Belgian National Bank and at five other public credit institutions decided to suspend a week-long strike and resume work yesterday, Reuter reports from Brussels.

Princely fortunes in Australia

BY DON LIPSCOMBE, PERTH CORRESPONDENT



The Prince

PRINCE LEONARD isn't one of the beautiful people like Prince Rainier. Neither does he laugh all the way to the bank as Liberace does in enjoying the joke against himself. But there's an element of both men in the former Western Australian farmer.

Many would dispute that word "former." After all, he still works the same 18,500-acre property 320 dusty miles north of Perth, running 7,000 sheep and 200 cattle, still worried by three droughts in three years, still dressed in outback casuals.

But Prince Len and Princess Shirl, his wife and mother of their three sons (Postmaster General Ian, Foreign Minister Wayne, and Treasurer Richard) have made a fairytale metomorphosis, from farming grubs to royal butterflies, by the simple expediency of unilateral declaration. That was on April 21, 1970, not long after Australian wheatgrowers made their own unilateral declaration —to impose quotas on wheatgrowers, a cruel blow to Len, Shirl and family on the fringe of Australia's productive wheatgrowing country.

Few believed the joke would last long. The secession of Hutt River Province (its boundaries coinciding with the Casley farm fence) was considered a fleetingly newsworthy bit of nonsense that everyone would forget within a few weeks. But they failed to make allowance for the ingenuity of Prince Leonard working from the royal seat of Nain.

Red-necked farm boys with cowlicked hair were dubbed knights. So far there are about 20. Like sad reflections of faded European royalty, Prince Leonard and family posed for photographs. None of them, least of all the prince himself, ever allowed the character to slip. Gradually the tourists started to come. At the end of the second year, they were averaging 250 a week. During the past financial year (a good way of measuring Hutt River time) there were more than 60,000 who spent an average of A$10 (about £5.50) a head on each visit.

Two Western Australian artists, commissioned to paint portraits and undertake designs, were made Earls of Nain and Phoenix. Hutt River stamps joined the teatowels, heraldic teaspoons, maps, pencils, mugs, pendants and car-stickers that tourists took home to prove they had looked Prince Leonard straight into his one good eye and had shaken his tanned farmer's hand.

Three years ago when the Prince planned to open a shipping register to create Liberian-type loopholes, Western Australia's Premier, Sir Charles Court, called for an end to "this soap box opera." Mr. Malcolm Fraser, Australia's Prime Minister, wrote huffily to Prince Leonard that "the Commonwealth Government does not recognise the Hutt River Province. Any such assertions to the contrary are false." That upset the Prince, because it arrived just as he was penning a New Year message. It was the Prince's message, not the Prime Minister's, that made news in dog-bites-man tradition.

Subsequently, he announced plans to make Nain the Switzerland of the antipodes with numbered bank accounts, and to challenge Monaco and Macau by opening a casino.

Politicians these days are less willing to throw fuel on Hutt River's fire of publicity. The Prince's headlines this year have come from one night as guest of Her Majesty, when he was gaoled for having failed to pay a SA taxation fine, and—on the province's eighth anniversary—from his royal army review with the help of school cadets from St Patrick's College in nearby Geraldton.

Mr. Casley has proved himself an astute businessman by buying Perth apartments just before property boom. He has liquidated these foreign assets to plough them back into his principality— a decision unlikely to strip him of his reputation as the Prince with the Midas touch.

Japanese loan for Vietnam signed

TOKYO, July 7.

JAPAN TODAY agreed to grant Vietnam low interest loans totalling Y10bn ($49.2m), the Foreign Ministry announced.

An agreement was signed in Tokyo by Vietnam's Vice Foreign Minister Phan Hien and his Japanese counterpart and his Japanese counterpart Keisuke Arita Reuter reports.

The total amount will be repayable over 30 years including a 10-year grace period, at an annual interest rate of 2.75 per cent.

Vietnam will use the loans to buy a wide range of goods including chemicals, textiles, machinery and cement, the Foreign Ministry said.

According to ministry officials, Mr. Hien said the aid paved the way for long-term economic co-operation between the two nations.

Robert Wood in Tokyo writes: that Mr. Hien has told Japanese officials that Vietnam does not object to the security treaty between Japan and the United States or to the Association of Southeast Asian nations (Asean). Hanoi has previously previously opposed the treaty and Asean as possible sources of agression.

Mr. Hien stated yesterday that Vietnam was ready to open talks with Asean — a grouping which includes Thailand, Indonesia, the Philippines, Singapore and Malaysia. The Association was created to establish a zone of peace in Southeast Asia.

He stressed that Vietnam had an independent foreign policy and denied that her entrance into the Soviet-led Council for Mutual Economic Co-operation (Comecon) meant that she was allying herself with Moscow. The Vice-Minister also denied that the Soviet Union was building a missile base in Vietnam.

The Japanese who are rapidly building up trade and aid relations with Vietnam, see themselves as mediators between the Vietnamese and other Southeast Asian nations

French unions agree Civil Service wages

BY ROBERT MAUTHNER PARIS, July 7.

THE FIRST important wage agreement of 1978, affecting some 4m Civil Service employees, has been approved by the majority of the trade unions concerned. Though the two big Left-wing unions, the Communist-led CGT, and the Socialist-orientated CFDT, have withheld their approval, they will doubtless accept the agreement in practice, as they have done in previous years when they have refused to sign wage contracts with the Government.

The speedy conclusion of Civil Service wage negotiations should help to improve the industrial relations climate, which has been bedevilled by strikes in the public sector, in the military arsenals and at the state-owned Renault motor plants.

In the private sector, some 18 agreements involving about 1.7m workers, have been concluded over the past few weeks on the new system of minimum guaranteed annual incomes, which is destined to replace the monthly minimum wage. It is confidently expected that, by the end of this month, the number of these agreements will have risen to more than 20.

What is encouraging, as far as the Government is concerned, is that the Civil Service unions have basically accepted Prime Minister Raymond Barre's wages policy. The new agreement provides only for the maintenance of purchasing power at its present level for the bulk of Civil Servants, with the exception of the lowest-paid categories, who have been granted a real increase of 4 per cent.

The only other concession of any substance made by the Government is that wages will be adjusted for inflation every quarter, a more frequent realignment than in 1977.

Malaysia poll test today

BY WONG SULONG KUALA LUMPUR, July 7.

MALAYSIA'S Prime Minister, Dtauk Hussein Onn, will seek a mandate at the polls tomorrow confident that his National Front Coalition will be returned with a comfortable majority, but the real test is whether his Government will be returned with a two-thirds majority in the Federal Parliament.

Failure to win a two-thirds majority, necessary to amend the Federal constitution, would be considered a severe setback to the Prime Minister, who still has to go before his own United Malays' National Organisation, the dominant partner in the National Front, for confirmation as the party's president.

The National Front is expected to have an easy sweep in East Malaysia and the east coast states of peninsular Malaysia, but it is facing a strong threat from the opposition Party Islam and the Chinese-based Democratic Action party in the west

California reduces state expenditure

SACRAMENTO, California, July 7.

CALIFORNIA'S tax revolt struck home today when Governor Jerry Brown vetoed pay rises for state employees and approved cuts in abortion funds before signing what he called an austere and lean state budget.

After working through the night to find ways of saving money, Mr. Brown today signed a budget totalling $14.7bn—larger than many national budgets but representing the first time in 17 years that state expenditure has been reduced.

The cuts, which also blocked welfare grant increases, came exactly a month after California, the most populous U.S. state, voted to cut soaring property taxes by $7bn and started a tax revolt which is expected to sweep across much of the country in this Congressional and state election year. The budget cuts are a big political gamble for Mr. Brown, who is likely to challenge President Carter for the Presidency in 1980 if he can retain the Governorship of California in elections this November.

The state senate sent Mr. Brown a drastically trimmed budget totally $15.3bn late last night. Mr. Brown cut the budget still further, partly by vetoing a proposal for a 2.5 per cent cost of living increase for the thousands of state employees.

Portuguese oil refinery to open on time

By Our Own Correspondent

LISBON, July 7.

PORTUGAL'S 11m-tonne Sines oil refinery complex on the west coast will open on schedule at the beginning of September, according to Sr. Carlos Melancia, the Industry Minister.

During a visit to the project yesterday the Minister said that in spite of heavy storm damage earlier this year, which destroyed one of the protective harbour piers, the refinery would go on stream as planned, at 61 per cent of its capacity.

The present Lisbon refinery will close at the same time, but the personnel will be retrained to avoid unemployment. Petrogal, the State-owned oil company in charge of Sines, hopes to sell some of the refined by-products and says it has orders worth $3m this year.

The Minister is "optimistic" regarding the outcome of onshore oil prospecting now in progress by international companies. The onshore search follows a 10-year attempt by Portugal to find offshore oil.

Lorry blockade

A blockade mounted by lorry drivers protesting against Austrian road taxes appeared to be collapsing yesterday as hundreds of lorries moved across borders shut for five days, Reuter reported from Vienna. But while drivers abandoned their protest action at some key border crossings, others maintained the blockade.

Canada bans development in Yukon pending study

BY VICTOR MACKIE OTTAWA, July 7.

MR. HUGH FAULKNER, the Canadian Northern Affairs Minister, announced today that future resource development in the northern third of the Yukon will be prohibited while the Government decides how to keep the area as a wilderness.

He said the Government had decided to freeze all further development in the 38,700 sq km region, stopping new oil and gas exploration and mineral claims. Existing mineral claims and oil and gas activity, described by Faulkner as "modest," would not be affected.

The development freeze will be accompanied by a study of ways to manage and preserve the 110,000-head Porcupine Caribou herd. The herd migrates through the northern half of the Yukon, parts of the Northwest Territories and north-eastern Alaska.

● Canada's Anti-Inflation Board is to carry out a three-months' study of the profit margins of large food retailing and processing firms.

The study was announced by the board to-day, following a request from M. Jean Chretien, the Finance Minister. The Government has come under severe criticism in parliament over soaring food prices, especially for beef and fresh vegetables.

The board will conduct the study in co-operation with the Consumer Affairs and Agriculture departments. It has been asked specifically to examine beef prices and will also study fresh vegetables and fruit as well as coffee and tea.

The Government wants a report within three months. Information supplied by companies will be kept confidential by the board.

There have been allegations in parliament that some food companies have been taking undue advantage of recent increases in beef prices. Farm spokesmen claim the increased income they are getting for beef is not as high as the rises in supermarket prices.

Australian deficit

Australia's Budget deficit widened to A$3.33bn in the financial year ended June 30 from A$2.74bn in the previous fiscal year, Reuter reports from Canberra. Mr. John Howard, the Federal Treasurer, said the deficit was A$1.12bn higher than the August, 1977 Budget estimate.

Japan trade body

Mr. Toshio Komoto, Japanese International Trade and Industry Minister, said the Cabinet has established a body at vice-ministerial level to implement a decision to accelerate surplus-trimming measures, Reuter reports from Tokyo. Mr. Komoto told a news conference that the body, reporting to the Cabinet, will meet twice a month or more to review the progress of measures taken last April and on June 23.

W. German politician faces fight

BY ADRIAN DICKS BONN, July 7.

HERR HANS FILBINGER, the Christian Democrat (CDU) State Premier of Baden-Wuerttemberg, appears to be facing an uphill fight for his personal reputation and for his political survival against charges associated with his wartime career.

In spite of a declaration of support today from the CDU's national leader in Bonn, Herr Helmut Kohl, there were increasing signs of unease at Herr Filbinger remaining in office within his own party, as well as open calls from the Social Democratic opposition in the state for him to step down.

Insisting repeatedly that he has no intention of resigning, Herr Filbinger announced today that he is returning from holiday in Switzerland to discuss once more with the Baden-Wuerttemberg state CDU in Stuttgart tomorrow the death sentences he handed out to at least five deserters while serving as a naval staff judge in Norway in 1943-45. In one case the sailor concerned was executed, while the other sentences have been described as "phantoms" by Herr Filbinger, as the deserters were known to be in neutral Swedish territory.

Broad details of the Baden-Wuerttemberg leader's war-time career have been on the public record for some years, but have been highlighted by the political playwright, Herr Rolf Hochhuth, and by several investigative magazine reports. Herr Filbinger has not denied the facts, but has strenuously defended himself, partly on grounds of having had to act under orders, and partly as having used his powers to save lives. He has, however, also pleaded a faulty memory about some of his activities.

Herr Kohl's statement today supporting Herr Filbinger, and publicly accepting his explanations, has been slow in coming and may not altogether still suspicions that it has been made reluctantly. More liberal elements in the CDU heartily dislike Herr Filbinger's brand of conservatism, and the State Party chairman in Bremen, Herr Uwe Holweg, has openly called on him to resign.

Similar feelings have been expressed privately by many CDU politicians, while even Herr Filbinger's defenders feel he has served his own cause badly by appearing insensitive to the implications of the case and by riposting with libel actions against his accusers instead of making some sort of public confession.

The consideration that must now weigh heavily on the party is, however, whether he will seriously damage CDU chances in forthcoming state elections. The party has high hopes of capturing power in Hesse, yet the CDU leader there, Herr Alfred Dregger, is also a Right-winger who could be hurt at the polls

Dutch payments in deficit

BY CHARLES BATCHELOR AMSTERDAM, July 7.

HOLLAND'S balance of payments position worsened in the first quarter of 1978. The current account on a transactions (as opposed to cash) basis moved into a deficit of Fl 1.02bn ($457m) from a surplus of Fl 640m in the preceding quarter and a surplus of Fl 400m in the first quarter of 1977, according to seasonally-adjusted figures from the Finance Ministry.

The visible trade account moved even further into deficit while invisibles showed a deficit for the first time since the autumn of 1975. The deficit on visibles was Fl 875m compared with Fl 45m in both the preceding quarter and the same quarter of 1977. Invisible trade showed a deficit of Fl 145m compared with surpluses of Fl 685m and Fl 445m.

The worsening of the visible trade figures reflects the problems of the firm guilder and high costs facing Dutch exporters. The deficit on invisibles was due to higher spending by Dutch tourists abroad, a significantly lower result from transit trade and a decline in receipts from transfers from abroad.

HOME NEWS

Tories go for compromise on tax avoidance

BY RICHARD EVANS, LOBBY EDITOR

THE GOVERNMENT could be in trouble during debates on the Finance Bill next week over proposals to introduce restrospective legislation against tax avoidance schemes.

Ministers still want artificial avoidance schemes dealing in commodity futures to be acted against restrospectively to April 6, 1976, when the schemes were first launched.

Following a tied vote on the issue during the committee stage, Conservatives have now tabled a compromise amendment to the report stage, next week, proposing to limit the back-dating to November 25, 1977, when Treasury Ministers first warned that legislation might have to be introduced.

The Liberals, with the certain support of Mr. Enoch Powell and his fellow Ulster Unionists, have proposed that the legislation should only take effect from April 11 last, when it was announced in the Budget.

Both parties feel that there are grave constitutional dangers to any back-dating of legislation.

In a statement yesterday, Mr. John Pardoe, Liberal economic spokesman, attacked the Tories for compromising. "This is because they know that a future Conservative government might want to use retrospective legislation itself," he claimed.

But retrospective legislation always undermined the rule of law, which required that the citizen must be able to know that what the law was at the time he confronted it, and also know that it would not be changed retrospectively, Mr. Pardoe argued.

The key question will be whether the Tories decide to change tactics and support the Liberals' uncompromising amendment in order to defeat the Government. If they do not the Government will win because of a divided opposition.

The report stage on the Finance Bill is to be debated in the Commons on Tuesday, Wednesday and Thursday.

Spending estimates rise by £1.85bn

BY RICHARD EVANS, LOBBY EDITOR

THE GOVERNMENT is seeking Parliamentary authority for increases of £1.35bn in public expenditure programmes, according to supplementary estimates published by the Treasury yesterday.

But the estimates, additional to forecasts published with the Budget, are within the public spending plans announced in the January White Paper and in the April Budget, and are consistent with the Government's current cash limits.

In addition, £495m is required to meet pay and price increases not provided for in the main estimates, bringing the total to £1.85bn.

The largest increase is nearly £900m for general support for industry, split between the British Steel Corporation (£489m) and BL (formerly British Leyland) (£395m). The increase for the BSC follows the change in the form of long-term financing announced in March, while that for BL reflects a change in the form and phasing but not the total of Government financing. Parliamentary approval for this was given on April 10.

The higher rate of child benefit payable from November this year is the reason for an additional estimate of £190m, and £321m is required for pay and price rises in the National Health Service and the social services.

Increased rates of pay for the armed forces have resulted in a further £165m on the defence vote, and £95m is required for the Government's special employment measures announced in January and March.

BP abandons trial well

BRITISH PETROLEUM, as operator for the Aran/BP group, has completed and abandoned its exploration well 56/26-2 in the Fastnet Basin of the Irish sector of the Celtic Sea south of Bantry.

The drilling rig, Sedco 703, is going to the porcupine trough off the west coast of Ireland where it will drill the group's second well this year in a water depth of about 1,120 feet on block 26/22.

The Aran/BP group comprises British Petroleum 60 per cent, Aran Energy 25 per cent, sceptor resources 7.5 per cent and Saga Ireland 7.5 per cent.

Six records for Old Masters

The Carraci that fetched a record £260,000.

AN EXTREMELY successful sale of Old Master paintings at Christie's produced a total of £3,513,300 for 140 lots and six record prices at auction for important artists. The highest price was £270,000, plus a 10 per cent buyer's premium, paid by the Brod Gallery of London for a frozen river landscape by the 17th-century Dutch artist Isack van Ostade. The previous record had been £24,490, paid in 1976.

Other record prices, also above forecast, were £260,000 by Agnew's for a painting by Annibale Carracci, *The Butcher's Shop*, sent for sale by the National Trust for Scotland (the previous best for a Carracci, £40,000, being paid in 1972) and a scene showing dancing peasants known as *The return from the Kermassey*, by Pieter Brueghel the Younger. This also sold for £260,000, to David Koetser, the Zürich dealer.

Leger of London gave £200,000, against a previous best last year of £120,000, for a wooded landscape scene by Philips de Koninck. Speelman, another London dealer, bought *A Capriccio of a Town Square* by Jan van der Heyden for £100,000, against a £64,490 record in 1976, and the £150,000 which acquired a painting of flowers, by Jan van Huysum, was another high. In June a picture by this artist sold for £66,120 in Paris.

Only a modest 11 per cent was bought in, a good result for a sale of this stature. Not only did it underline the continuing strength of demand for Old Masters, but it also confirmed the position of London as centre of the international art market. About half the lots sold yesterday came from abroad.

At Bonhams a white porcelain stem cup, brought out of Tibet in 1950 by a fleeing Nepalese refugee, sold for £26,000. The cup dates from the Yung Lo period of the early 15th century and is the only perfect example of a white porcelain stem cup to appear on the market for many years. Christie's sold a damaged cup from the Mayer collection in 1974 for 6,500 gns.

The cup was acquired by a foreign dealer bidding by telephone, and was the top price in an Oriental porcelain auction which totalled £85,210, double the record for a sale of this kind at Bonhams.

Another interesting price with Oriental connections was at Christie's South Kensington, where a "blue bear back skin" sold for £1,200 to a European private collector.

The skin was found in the 1950s and was thought to belong to the legendary Yeti. Scientists discount the existence of such a creature and prefer to believe the skin belonged to a blue bear. It was the top price in the saleroom's first natural history auction, which totalled £21,946.

SALEROOM

BY ANTONY THORNCROFT

Ferranti, Plessey in link talks

BY MAX WILKINSON

CHANCE of uniting the semi-conductor interests of Plessey and Ferranti, possibly with the help of the National Enterprise Board, are being discussed with the Government.

The Department of Industry is anxious to reach some outline agreement with the companies before announcing its support scheme for the industry at the end of this month.

Support of £50m-£80m is being planned to help the companies meet the huge research, production and marketing costs of developing the next generation of micro-electronic circuits.

However, the Department does not want to hand out money to the industry unless it can be sure that a co-ordinated strategy for the whole of the UK industry will result.

Earlier this year, it was hoped that informal co-operation between Ferranti and Plessey would be sufficient, but doubts have been expressed more recently about whether a support scheme could be successful without centralised management of the whole effort.

Public funds

Since neither Ferranti nor Plessey generates enough profit from integrated circuit sales to finance the huge investments now being considered, it seems likely that the taxpayer will have to produce most of the £25m-£30m capital needed.

Since Ferranti is already controlled by the NEB, and Plessey has been asking the NEB for support, a joint venture incorporating the semi-conductor activities of the two companies appears a likely solution.

Such a joint venture would be independent of the NEB's plan to set up a new semi-conductor company to make standard computer memory circuits for the world market.

It is also independent of talks which the General Electric Company is having with the U.S. company, Fairchild, about a UK joint venture.

Both these plans concern the mass production of standard circuits used throughout the world.

Ferranti's and Plessey's operation would concentrate on special circuits designed for a particular customer or group of customers.

One major unresolved question is whether the NEB is prepared to invest in two separate semi-conductor operations at the same time.

Toyota buys British leatherware

By Terry Dodsworth

TOYOTA, the Japanese car company, has expanded its parts buying in Britain to include leather for its Celica XX luxury model.

The leather is made by Connolly Brothers, which becomes the fourth British company to supply Toyota. Lucas provides a range of headlamps, Kangol seat belts and Courtaulds seat fabrics.

A mission of Japanese component buyers visited Britain a little over a year ago and since then British component sales to Japan have expanded slowly, though only enough to make a minor impression on the trade gap from Japanese car sales in the U.K.

Terry Kirk

Mr. Edward Heath, president of the European Community Youth Orchestra, with 'cellist Vivien Lebon, 15, and Sir Peter Vanneck, Lord Mayor of London, at the Mansion House yesterday, when the orchestra's summer programme was announced.

Hansard reports for Burmah case

BY IVOR OWEN, PARLIAMENTARY STAFF

STATEMENTS IN the Commons are to be submitted as evidence to the High Court when the £500m legal battle between Burmah Oil and the Bank of England is renewed, probably on July 17.

In the Commons yesterday MPs gave formal approval for the appropriate officials of the House to attend the court hearing.

As requested in a petition presented by Mr. Reginald Maudling (Con., Chipping Barnet) they will produce the Hansard report of the proceedings in the Commons on January 15 1975, when the agreement under which the Bank undertook to provide temporary financial support for Burmah against the security of the company's 20 per cent shareholding in British Petroleum was announced by Mr. Eric Varley, then Energy Secretary.

The petition also referred to the Treasury's refusal, through claiming "Crown privilege," to permit the Bank to disclose the contents of 62 documents which Burmah claims are material to its case.

Mr. Varley said on January 15 1975 that some modification of the arrangements might be needed. Later in January there were important changes and the Bank bought Burmah's holding of BP shares for £179m.

The BP shares are worth approaching £500m more than the price the Bank paid for them in the depressed market conditions of early 1975. Burmah is suing the Bank for the return of the shares at their original sale price plus dividends.

Minimum standards for ship crews agreed

BY PAUL TAYLOR

THE FIRST international convention laying down minimum standards for training, certification and duties of ship's crews was signed in London yesterday amid hopes that it could be in operation by the end of 1981.

The convention, decided by delegates from 72 nations at a conference organised by the Inter-Governmental Maritime Consultative Organisation (IMCO), is seen as plugging the last major gap in international marine safety legislation.

The regulations contained in the convention fall short of minimum standards already in operation in many Western nations but they are seen by IMCO, the UN's marine body, as an important step forward for marine safety.

The "Convention on Standards of Training, Certification and Watchkeepig for Seafarers" lays down mandatory minimum requirements for ship's officers and includes special provisions for the training of tanker crews. Another section of the convention deals with procedures for controlling and enforcing the new regulations.

Throughout the conference, the main area of debate has been over the range of regulations and the speed with which they will be introduced.

These discussions reflected the balance in IMCO between the developed and developing nations but Mr. C. P. Srivastava, IMCO's secretary-general, insisted yesterday that although there had been compromises the convention was "pragmatic and workable" and that standards had not been watered down to any substantial degree.

The task now facing IMCO is to encourage member nations to put the convention into operation as quickly as possible.

The convention deals only with the quality of ship's crews. It does not attempt to lay down minimum manning levels. This is seen as IMCO's next major task.

Brockhouse closure

THE COMPANY which the Brockhouse group has said it intends to close is Brockhouse (Clydebank), not Brockhouse Engineering, as reported on June 26.

Private loans likely to drop

BY MICHAEL BLANDEN

BANK LENDING to the private sector may have to be cut significantly as a result of the reimposition of the so-caled corset controls on the banks, it is argued in the latest financial survey published by the Barclays Bank economic intelligence unit.

The new restrictive measures, the bank says, imply hardly any further growth in the money supply between now and the autumn. Unless the authorities are able to make substantial sales of public sector debt, this will bring a squeeze on lending. "Given the underlying strength of advances demand, a tightening in conditions for borrowers is likely."

Examining the recent upward trend in lending, the bank finds that the growth has largely reflected a genuine increase in the underlying demand.

The unwinding of lending made merely as a precaution against the reintroduction of controls is therefore unlikely to provide a substantial depressing effect on advances in the next few months.

"At the same time," the bank says, "demand for advances from the personal and service sectors is likely to continue strongly as real incomes continue to rise under the influence of the widening gap between the rates of increase in earnings and prices."

This in itself would put severe pressure on the corset, which would be further aggravated by any recovery in demand for lending from the manufacturing sector. At present, however, the bank feels that this is unlikely to materialise until late in 1978 or early in 1979.

New moves to conserve fish stocks

By Ivor Owen, Parliamentary Staff

FURTHER UNILATERAL but non-discriminatory conservation measures are being prepared by the Government, Mr. John Silkin, Minister of Agriculture and Fisheries, told the Commons yesterday. He was defending his recent consultations with Norwegian ministers about the depletion of fishing stocks in the North Sea.

He denied that his talks in Oslo could be construed as an act of provocation towards Britain's EEC partners, and rejected a suggestion by Mr. John Peyton, the Shadow Minister, that they might have the effect of putting back a settlement on a revised common fisheries policy.

CONSEQUENCES

Mr. Silkin stressed that he had not formally negotiated with the Norwegian ministers, but joined in a comprehensive review of the consequences for the conservation and management of fish stocks of continuing absence of agreement in the EEC on a revised common fisheries policy.

In any event, he could not see why co-operation between Britain and Norway—the major coastal states of the North Sea—as to conservation in what was probably one of the most valuable fishing areas in the world should set back a settlement within the EEC.

"If anything I would have thought it might promote it," he went on.

Mr. Silkin forcefully rebutted assertions made in the European Parliament that discrimination was involved in the unilateral conservation measures already imposed by Britain.

He emphasised: "Those measures were the start and not the end of the national conservation measures I believe we must engage in."

Gas conversion trial successful

BY DAVID FISHLOCK, SCIENCE EDITOR

CRITICAL EXPERIMENTS in converting an American coal to substitute natural gas by a technique developed by British Gas has proved highly successful, say the U.S. sponsors of the demonstration carried out in Scotland.

Gas production rates from the U.S. coal had exceeded the design conditions needed for the demonstration plant his company was proposing to build in eastern Ohio, said Mr. William Carter, vice-president of Conoco Coal Development Corporation.

If the demonstration project goes ahead—a final decision is not expected for another 20 months—it will involve a plant expected to cost $200m-$300m to be funded jointly by Conoco and the U.S. Department of Energy. British Gas will participate in the design of the gasifier.

In the tests, carried out at the Westfield Development Centre of British Gas last month, 970 tons of coal from Pittsburgh were converted into 20m cubic feet of substitute natural gas (SNG).

At the heart of the conversion process is a reactor known as the "slagging gasifier" around which Conoco proposes to design the big demonstration plant.

Conoco's plan depended crucially upon the success of the latest series of tests at Westfield, since these were designed to show whether the particular troublesome local coal could be processed satisfactorily by the slagging gasifier.

The coal in question, high in sulphur, is also known as "high-caking" and tends to clog up most kinds of gasifier.

But Mr. Carter says no mechanical or processing problems have been encountered and the test run ended with the slagging gasifier in excellent condition.

Neither has the presence of high levels of sulphur proved a problem. It is trapped, and separated without entering the atmosphere.

Mr. Carter said that if all known reserves of the Pittsburg No. 8 coal used in the test run were converted to SNG, they could provide the U.S. with a 20-year supply of gas. Current proved and recoverable U.S. reserves of natural gas add up to only a 12-year supply.

EEC approves loans for Coal Board

BY ROY HODSON

FURTHER European Coal and Steel Community loans to the National Coal Board totalling £54m have been approved by the EEC in Brussels.

The money is to be used to help the board purchase underground plant and equipment and will be paid as purchases are made. The loan terms will vary according to market conditions at the time of each transaction.

A £65m loan to the board towards the cost of developing the £500m coalfield complex at Selby, Yorkshire, was approved by the EEC in May.

Spending by the NCB is now running at well over £300m a year as the projects sanctioned under the 10-year Plan for Coal and the longer-term Plan 2000, which is designed to raise Britain's coal output to about 170m tonnes a year by the end of the century, gets under way.

The board is expected to approve shortly a new round of investment totalling about £200m for a number of colliery projects designed to start producing coal by the mid-1980s. These schemes include a "super pit" in South Wales, an undersea mine in Scotland and the resumption of working in an abandoned colliery.

With such capital projects in prospect, the Coal Board may be returning to the European Coal and Steel Community for yet more financial backing.

Nigeria to end UK double tax pact

BY DAVID FREUD

NIGERIA HAS given notice that it will terminate its present double taxation agreement with the UK at the end of the financial year.

The move comes three weeks after the Nigerian Government's announcement that it intended to abolish all bilateral tax agreements inherited from colonial times.

The Nigerian notice of termination is in accordance with the terms of the UK-Nigerian arrangement, which dates from 1947.

The arrangement will cease to have effect in the UK from April 6, 1979, for income-tax and from January 1, 1979, for corporation tax.

It is hoped in London that a replacement arrangement will be negotiated in due course.

Holiday ferries cut by hovercraft troubles

BY LYNTON McLAIN, INDUSTRIAL STAFF

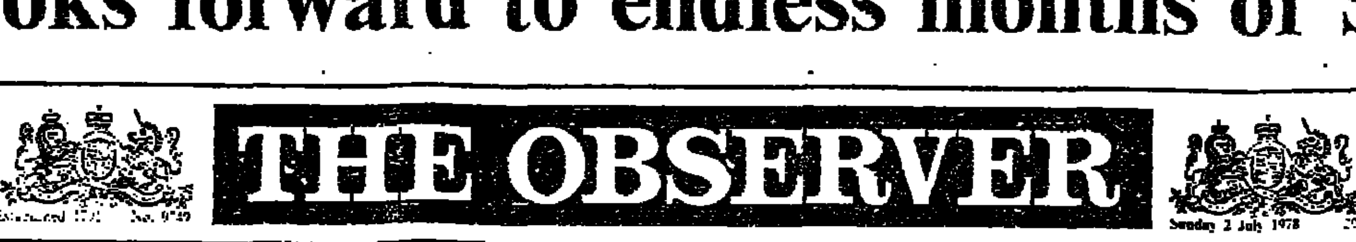
TECHNICAL and labour troubles have aagin hit hovercraft flights between Dover and France as cross-Channel holiday traffic approaches the summer peak. The troubles mean that less than half the hovercraft passenger capacity and a third of the car capacity is available for bookings, which are now "racing ahead," British Rail said.

The new French Sedam N500 craft is the only one of three British Rail-French Rail hovercraft now operating from Dover. But even this hit technical problems the day after starting cross-Channel trips on Wednesday. British Rail said there had been a "blow-out" in one of the 48 rubber air cushion skirts.

This has been repaired and the craft is operating normally, carrying 400 passengers and 45 cars.

An unofficial strike of land-based maintenance engineers has grounded the BR Seaspeed Super 4 craft. Some 50 engineers want pay parity with qualified marine engineer officers aboard BR Sealink ferries.

Arco looks forward to endless months of Sundays



● NEWS ANALYSIS

BY MAX WILKINSON

THE OBSERVER newspaper, threatened with closure only six weeks ago, won renewed support this week from its American owner.

The closure threat was made during a dispute with 25 machine managers which stopped publication of the paper for one week. The ultimatum revealed the underlying toughness of the paper's new owner and benefactor, Atlantic Richfield, the $11bn oil group, which has so far spent about £1.5m to keep The Observer going.

Disruption caused by the dispute hit circulation and financial targets, and doubtless focused the attention of Atlantic Richfield executives on the least desirable aspect of Fleet Street investment.

As a result, this week's intensive board meeting in Aspen, Colorado, was invested with a significance for all connected with the paper.

The talks included a normal monthly Board meeting but they also involved an important stock-taking exercise and some wide-ranging discussions about the editorial and commercial future of the paper.

The meeting gave Atlantic Richfield the opportunity to review the first full year of the paper's performance.

The Observer's management presented a series of detailed reports about the paper's prospects and its performance during the year. They appear to have satisfied the Atlantic Richfield (Arco) representatives that their money is being well spent.

Mr. Thornton Bradshaw, Atlantic Richfield's president, responded to a rather alarmist report about The Observer's future in the New York Times with the statement that: "In reviewing long-term plans for the newspaper, this meeting has reflected a strong sense of optimism which we fully share."

To reassure The Observer staff, the full text of Mr. Bradshaw's statement was displayed yesterday in the main lift at the paper's offices in St Andrews Hill, London.

The Board's optimism is based on a series of figures prepared by The Observer management which showed substantial increases in circulation and advertising.

They also showed that, without the May dispute, budgetary targets agreed in Colorado a year ago would have been met.

The management also pointed to the fact that the cover price has been increased substantially while sales have continued to rise.

In spite of these improvements, The Observer is losing about £1.1m a year. However, this loss, which Arco has to met, includes a large proportion of expenditure which must be regarded partly as investment.

The £600,000 spent on promotion comes into this category, since it is being used to build up circulation required for future revenue increases. Similarly, a large increase in the editorial budget (perhaps £500,000 last year) is part of the general plan to build up the paper's prestige and readership.

For evidence that the strategy is beginning to succeed, Arco was shown the unaudited circulation figure for the first six months of this year, which, at 693,000, is 8 per cent up on the figure for the same period last year.

Similarly, total advertising revenue last year was £7.2m a 22 per cent increase on the figure for 1976.

Classified advertising in 1977 showed a 25 per cent improvement on the previous year, and has shown a further healthy growth of 45 per cent, in the first half of 1978.

National Readership Survey figures for the six months up to March 1978 give The Observer a healthy growth of 12 per cent to 2.35m compared with the same period the previous year. By comparison The Sunday Times readership figure fell by 3 per cent to 3.76m.

Every graph, therefore, showed the oilmen a pleasantly upward trend. However, The Observer would be in very serious trouble if this had not been the case, for 1975-76 was one of the most disastorus years in its history.

Soaring costs, particularly for newsprint, and falling revenues and circulation forced this paper to look for an outside backer.

When Atlantic Richfield came to the rescue in November 1976, therefore, the paper's fortunes were at a very low ebb.

Readership was only 80 per cent of the 1972 figure, while the volume of advertising was 20 per cent. below 1972 levels. All the Sunday newspapers had suffered from the same trends, but The Observer had come off worst.

Now The Observer is recovering relatively faster than its rivals, but so far it has not done much more than recover its former position among the quality Sundays.

The important question, for Atlantic Richfield and The Observer, therefore, is whether and at what rate the recovery will continue.

A five-year plan outlined in Colorado envisages that the paper will be breaking even again in the early 1980s. It then hopes that The Observer will command an improved share of generally increased advertising revenues. However, Atlantic Richfield has not set a deadline for financial viability.

One of the main planks of this plan must be to increase The Observer's slice of the private companies' section of classified advertising.

At present The Sunday Times takes about three to four times the volume of this type of advertising.

The Observer has a high proportion of the less lucrative public appointments, which suffer particularly at a time of general economic stringency.

But all the indices of financial performance—in which the oilmen are taking a stern and detailed interest—depend ultimately on the elusive genius required to produce a paper that people want to read.

The oil money has brought in a lot of new journalists ranging from a new editor-in-chief, Mr. Conor Cruise O'Brien, to new reporters and specialists.

It has also enabled the paper to introduce more features and a higher ratio of editorial to advertising.

The question remains whether the oil money and the new talent can blend with the radical and idiosyncratic traditions of the paper to win back readers from The Sunday Times. Many of whom will have to be wooed from the political middle ground.

Whether the joint leadership of Mr. O'Brien and Mr. Donald Trelford, the editor, can achieve these objectives is a question which only time can answer.

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LABOUR NEWS

Steel unions prepare for fight against closures

BY PAULINE CLARK, LABOUR STAFF

STEEL UNION leaders are preparing for what could turn out to be the biggest confrontation yet with British Steel Corporation over expected plans to close the Glengarnock steelworks in Strathclyde.

Detailed proposals for the future of the works are to be presented on Monday to the TUC steel industries committee, which has recently been stung by BSC moves to cut several thousand jobs at Shelton, Staffordshire, and Bilston in the West Midlands, without meeting unions' demands for further consultation.

The Iron and Steel Trades Confederation, the industry's biggest manual workers' union, emphasised yesterday that there would be tough resistance to any proposals to close Glengarnock.

It said the unions were particularly concerned about the "immense" social problems which would arise from the possible loss of 1,100 jobs in an isolated area where there was no alternative employment.

The economics of the argument for closing Glengarnock were not the same as those in the case of Shelton and Bilston.

The confederation will argue that, with an 18 per cent level of unemployment already in the region, compared with 4 per cent in the Shelton community, "the social problem must be cracked otherwise there is no way we can accept closure."

The threat to Glengarnock is not new. Its future depends on the introduction of an electric arc furnace at Hunterston and the Government's White Paper at the end of March ruled out any immediate prospect of investment in Hunterston.

The Beswick review of the industry put the date for closure at not earlier than January 1, 1980, depending on the Hunterston electric arc.

The plant, which includes a steel-making facility and rolling mills making rails and flats for shipbuilding, also contributes a large share of the BSC's Scottish division losses of £53m.

Steel unions, in the context of the rows over both Shelton and Bilston, have been underlining the co-operation they have given so far in BSC's national programme for cutbacks.

But this has been made possible only by the willingness of the workforce to accept severance pay, as in the cases of East Moors and Ebbw Vale.

BSC has yet to disclose which will be the next major cutbacks on its list.

Steelworkers at Corby in Northamptonshire are already planning a resistance campaign against any plans to cut jobs there.

With some 6,000 jobs thought to be at risk out of a total 11,500, local union leaders have formed a special action committee to force BSC to make a public commitment on the future of the plant.

Mr. John Cowling, a national executive member of the ISTC said: "The issue is a simple one. We fear the steelmaking plant at Corby is to be closed down soon because of the mounting losses, and that only the tube-making divisions will be retained."

Mr. Cowling claims that BSC plans to bring steel supplies from other sources. "If this is to be the case then outside steel will be blacked. If 6,000 of our members are to lose their jobs then we want plenty of warning. We don't want a Bilston pulled on us."

Journalists on agency call truce

SERVICES of the Press Association, the national news agency, were returning to normal last night after the National Union of Journalists chapel (office branch) committee suspended for a week a policy of "withdrawal of co-operation and goodwill" it has been operating in support of a pay claim.

Management and chapel representatives agreed to a week's truce to enable talks to go on.

The journalists' action has particularly affected the agency's racing and other sporting services.

The NUJ National Newspapers Industrial Council decided yesterday to hold a meeting next Thursday of fathers of chapel (office branch chairmen) from national newspaper offices in London, Manchester and Glasgow, to discuss the Press Association dispute.

The journalists have been operating sanctions for two weeks, they want pay parity with other Fleet Street journalists.

Management previously rejected the demand as being outside the Government's pay guidelines. It has offered a 10 per cent increase and agreed to a management consultancy studying the possibility of a productivity deal.

The journalists' claim would entail an increase on average of about £2,000. One of their main concerns, they say, is lest low pay should effect the calibre of PA recruits.

Council chiefs' rises anger NALGO

BY ALAN PIKE, LABOUR CORRESPONDENT

A PAY AWARD for local authority chief executives would cause "widespread danger and resentment" among other groups of town hall staff, the National and Local Government Officers Association said yesterday.

NALGO last month accepted a 9.94 per cent award on behalf of 410,000 local government staff. But, said the union yesterday, chief executives and other chief officers would be receiving an award worth 12.5 or 13 per cent—the 9.94 per cent plus £312 Phase One supplement and backdating of any increment withheld because of pay policy.

Mr. Mike Blick, chairman of the NALGO local government committee, said that the union supported the chief officers' settlement, which did no more than maintain their position in the salary league. But it was significant that the local authority employers had been prepared to "exceed the Government guidelines by a sizeable amount" in order to achieve it.

"There will be widespread anger that the lower-paid white-collar workers in local government have not received equal treatment." During three months of negotiations there had been discussions about "hundredths and thousandths of a per cent" in order to adhere rigidly to pay policy.

"The employers' double standards have caused considerable resentment among NALGO members. Less than a year ago the employers stated that they would give equality of treatment to all local Government staff.

"An examination of the separate settlements for chief officers, manual workers, teachers and administrative and clerical staff shows this to be so much hot air," said Mr. Blick.

Print row delays annual meeting

ONE OF Britain's biggest engineering companies has had to postpone its annual shareholders meeting because of industrial action at a printing company.

A go-slow by compositors at Metcalfe Cooper, of London, which is printing the annual report and accounts of John Brown has forced the directors to call off the meeting until early in September.

The accounts were due to go out yesterday to give the group's 3,500 stockholders the required three weeks reading time before the original July 28 date for the meeting.

With the dispute only just over, however, the accounts will not now be posted until late next week.

The company has re-arranged its meeting on September 4.

F.T.-ACTUARIES SHARE INDICES

QUARTERLY VALUATION

The market capitalisation of the sub-sections of the F.T.-Actuaries shares indices as at June 30, 1978, expressed below in millions of pounds and as a percentage of the All-Share Index. Similar figures are also provided for the two preceding quarters.

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses denote number of stocks)	Market capitalisation as at June 30, 1978 (£m)	% of all share index	Market capitalisation as at March 31, 1978 (£m)	% of all share index	Market capitalisation as at Dec. 30, 1977 (£m)	% of all share index
1	**CAPITAL GOODS GROUP (172)**	8,581.7	15.36	8,182.9	15.09	8,467.3	15.05
2	Building Materials (28)	1,511.1	2.70	1,449.2	2.67	1,533.4	2.72
3	Contracting and Construction (27)	864.4	1.55	807.5	1.49	859.7	1.52
4	Electricals (15)	2,229.9	3.99	2,108.2	3.89	2,245.4	3.99
5	Engineering Contractors (14)	472.9	0.85	434.4	0.80	382.9	0.68
6	Mechanical Engineering (72)	2,416.5	4.32	2,273.6	4.19	2,349.3	4.17
8	Metals and Metal Forming (16)	1,086.9	1.95	1,109.0	2.05	1,096.6	1.95
11	**CONSUMER GOODS (DURABLE) GROUP (52)**	2,498.4	4.47	2,399.8	4.42	2,512.5	4.46
12	Lt. Electronics, Radio and TV (15)	1,368.0	2.45	1,340.9	2.47	1,406.2	2.60
13	Household Goods (12)	208.7	0.37	204.8	0.38	221.5	0.39
14	Motors and Distributors (25)	921.7	1.65	854.1	1.57	885.0	1.57
21	**CONSUMER GOODS (NON-DURABLE) GROUP (174)**	15,458.3	27.67	15,145.5	27.93	15,720.1	27.91
22	Breweries (14)	1,632.0	2.92	1,644.3	3.03	1,693.3	3.01
23	Wines and Spirits (6)	774.2	1.39	777.8	1.43	815.0	1.45
24	Entertainment and Catering (17)	1,239.2	2.22	1,220.8	2.25	1,144.7	2.03
25	Food Manufacturing (21)	2,451.8	4.39	2,338.9	4.32	2,537.5	4.51
26	Food Retailing (15)	946.8	1.69	887.7	1.64	1,020.1	1.81
32	Newspapers, Publishing (13)	569.7	1.02	494.8	0.91	530.4	0.94
33	Packaging and Paper (15)	867.6	1.55	826.2	1.52	848.5	1.51
34	Stores (39)	4,200.9	7.52	4,239.1	7.83	4,457.1	7.91
35	Textiles (25)	944.4	1.69	935.4	1.73	940.5	1.67
36	Tobacco (3)	1,739.0	3.11	1,691.1	3.12	1,647.1	2.92
37	Toys and Games (6)	93.7	0.17	87.4	0.16	86.1	0.15
41	**OTHER GROUPS (97)**	8,959.1	16.04	8,507.1	15.69	8,850.6	15.72
42	Chemicals (19)	3,182.0	5.70	2,928.1	5.40	3,008.2	5.34
43	Pharmaceutical Products (7)	1,842.2	3.30	1,783.0	3.29	1,909.5	3.39
44	Office Equipment (6)	604.2	1.08	588.6	1.09	567.2	1.01
45	Shipping (10)	568.9	1.02	528.5	1.08	650.3	1.16
46	Miscellaneous (55)	2,761.8	4.94	2,619.9	4.83	2,715.4	4.82
49	**INDUSTRIAL GROUP (495)**	35,497.5	63.54	34,233.3	63.13	35,550.5	63.12
51	Oils (5)	6,385.1	11.45	6,027.9	11.12	6,305.3	11.19
59	**500 SHARE INDEX**	41,892.6	74.99	40,261.2	74.25	41,855.8	74.31
61	**FINANCIAL GROUP (100)**	9,075.1	16.24	9,465.2	17.46	9,772.2	17.36
62	Banks (6)	2,454.2	4.39	2,569.5	4.74	2,561.6	4.55
63	Discount Houses (10)	125.6	0.23	120.1	0.22	141.3	0.25
64	Hire Purchase (5)	185.1	0.33	196.7	0.36	218.1	0.39
65	Insurance (Life) (10)	952.8	1.71	1,026.3	1.89	1,035.5	1.84
66	Insurance (Composite) (7)	2,296.2	4.11	2,459.5	4.54	2,611.2	4.64
67	Insurance (Brokers) (10)	767.9	1.37	772.0	1.42	757.2	1.34
68	Merchant Banks (14)	364.2	0.65	361.0	0.67	386.8	0.69
69	Property (31)	1,537.2	2.75	1,570.3	2.90	1,658.4	2.94
70	Miscellaneous (7)	391.9	0.70	389.8	0.72	407.1	0.72
71	Investment Trusts (50)	2,648.8	4.74	2,392.9	4.41	2,634.2	4.68
81	Mining Finance (4)	1,042.6	1.87	1,006.4	1.86	944.1	1.68
91	Overseas Traders (19)	1,206.2	2.16	1,097.2	2.02	1,110.0	1.97
99	**ALL-SHARE INDEX (673)**	55,865.3	100	54,222.9	100	56,522.3	100

APPOINTMENTS

Plessey Group changes

The PLESSEY company has announced that Mr. Ronald Clark has been appointed managing director of its electronic components division in succession to Mr. Maurice St. Alban Eley. Mr. Clark has previously held a number of senior appointments with English Electric, AEI and GEC. The appointment allows Mr. Eley to devote more time to his deputy chairmanship of Plessey Engineering to undertake special duties in Italy as a director of Plessey Italia SpA and Plessey SpA, and to carry out his recent appointment as a director of Plessey Hydraulics International. Mr. Eley continues his relationship with the electronic components division as a non-executive director of its constituent companies. It is intended in the near future to establish new headquarters for the division at Kembrey Street, Swindon.

*

Mr. C. R. Thompson has joined the main Board of NORTHERN ENGINEERING INDUSTRIES, initially on a non-executive basis but with a view to taking full-time executive control of NEI operations in international marketing. He will head a new management company which will employ selling and marketing resources throughout the world in support of NEI manufacturing sectors in the UK and overseas.

*

When Mr. T. Lewis, general manager (personnel and administration), PEARL ASSURANCE COMPANY, retires at the end of this year, it is intended that Mr. Nigel Proddow, at present company secretary, will succeed him. Mr. R. Fearn, currently deputy secretary, will then become secretary. Mr. Lewis will continue on the Board, but as a non-executive director.

*

Dr. Derek H. Pringle, managing director of NUCLEAR ENTERPRISES (an EMI company) has been appointed a member of the Board of the RADIOCHEMICAL CENTRE, Amersham. Dr. Pringle also serves on the National Radiological Protection Board.

*

Mr. Antony Skinner has been appointed executive director of the INTERNATIONAL COUNCIL OF MARINE INDUSTRY ASSOCIATIONS. ICOMIA exists to promote boating as an international recreational activity and represents 13 boating associations throughout the world. Mr. Skinner is based at the ICOMIA headquarters at Weybridge, Surrey.

*

Mr. Robert Edwards has been appointed to the Board of SEAGRAM DISTILLERS as director of bulk product sales. He will be concentrating on bulk rum sales as well as continuing, for the time being, the management of the company's Speke plant.

*

HOGG ROBINSON GROUP announce that Mr. J. P. S. Riddell has been appointed director in charge of group marketing and development and will be responsible for co-ordinating all of the group's marketing and new business development. Mr. C. J. S. Price has been appointed managing director of the Credit Insurance Association.

*

LANCASTER UNIVERSITY announces the appointment of Dr. David Tweedie, to a visiting chair in accounting, tenable in the International Centre for Research in Accounting. He is technical director of the Institute of Chartered Accountants of Scotland and is resident in Edinburgh. He will visit Lancaster periodically, whenever convenient and consistent with his commitments to the Scottish Institute, and use the resources for study and research at ICRA and participate in ICRA seminars.

*

Mr. C. A. Westwick, technical director of The Institute of Chartered Accountants in England and Wales, has accepted the offer of a senior research fellowship at the LONDON SCHOOL OF ECONOMICS and will resign from the Institute in September. He will be succeeded by Mr. R. G. Willott, the present secretary of the Parliamentary and Law Committee.

New Treasury Press Secretary

MR. PETER DAVIES has been appointed Press Secretary and head of the information division of the Treasury. He takes over from Mr. Peter Dixon on July 24. Mr. Dixon is being promoted to an Under-Secretary in the Treasury.

Mr. Davies, 51, has a BSc from the London School of Economics and has worked as a journalist on the News Chronicle and The Times. For the last three years he has been an Assistant Secretary in the Treasury responsible for taxation policy.

*

Mr. Godfrey Bland has been appointed managing director of PENTOS GARDEN STORE, the retail division of Pentos Garden and Leisure Products Group. Mr. Bland was previously marketing director of the Dornay Foods Division, a subsidiary of Mars.

*

Mr. Graham Perry has been appointed joint group managing director of the LONDON EXPORT CORPORATION GROUP of companies.

*

Mr. David J. Andrews, a partner in Clifford-Turner, and chairman of the International Bar Association Committee on Law Office Management and Technology, has been appointed chairman of the SOCIETY FOR COMPUTERS AND LAW on the retirement of Mr. Alan Woods.

*

Mr. Geoffrey Betteridge has joined the COPENHAGEN REINSURANCE COMPANY (UK) as marien underwriter.

*

Mr. S. Horncastle has been appointed to the AGRICULTURAL TRAINING BOARD for the period ending March 31, 1980. Mr. Horncastle, union district officer at Haverhill of the Transport and General Workers' Union, succeeds Mr. H. A. Ray, of that union, who has relinquished his membership.

Industrial sectors show big variations in performance

THE OVERALL flat performance of industrial companies with years ending during the winter months disguises a considerable variation in the fortunes of the various sectors.

Averaging out the results of 376 industrial companies shows that trading profits rose by a mere 9.2 per cent while return on capital was static at 17.3 per cent compared with 17.2 per cent a year earlier.

However, there was a wide gulf between the best performers (office equipment and motor distributors) and the worst (radio and TV and motors and components).

The 34.6 per cent increase in motor distributors' trading profits and the four-point improvement in return on assets during the period further confirms the increasing improvement of the sector's performance, which now looks like producing a record year for the industry.

At the other end of the scale, electronics showed a 5½ per cent fall in return on assets and a 15.4 per cent drop in trading profits. Indeed the whole consumer field, both durables and non-durables, was feeling the pinch during the winter. This has begun to change since the spring, however.

Because of the necessarily small samples in individual sectors, the overall performance can be strongly affected by the results of a single company. The machine tools sector, for instance, showed an 18.3 per cent increase in trading profits and a corresponding improvement of 2.2 per centage points in return on capital.

With only seven companies represented, however, the 80 per cent increase in profits declared by James Neill had a distorting influence.

One generally encouraging sign was the 23 per cent increase in cash flow among industrials overall. It is significant, though, that this was a lower increase than reported during last summer and that net current assets overall have increased by only 14 per cent.

TREND OF INDUSTRIAL PROFITS

ANALYSIS OF 481 COMPANIES

The Financial Times gives below the table of company profits and balance-sheet analysis. This covers the results (with the preceding year's comparison in brackets) of 481 companies whose account year ended in the period between October 15, 1977, and January 14, 1978, which published their reports up to the end of May, 1978. (Figures in £000.)

INDUSTRY	No. of Cos.	Trading Profits (1)	% change	Profits before Int. & tax (2)	Pre-tax Profits (3)	Tax (4)	Earned for Ordinary Dividends (5)	% change	Ord. Dividends (6)	% change	Cash Flow (7)	Net Capital Employed (8)	Net Return on Cap % (9)	Net Current assets (10)
BUILDING MATERIALS	35	442,747.8 (401,757.3)	-10.2	326,172.8 (284,477.2)	281,569.9 (245,836.2)	116,704.6 (122,309.1)	153,550.8 (112,156.8)	-36.9	49,386.9 (40,364.5)	-22.4	206,820.4 (171,891.8)	1,952,788.1 (1,721,728.6)	16.9 (16.5)	543,679.7 (482,247.6)
CONTRACTING & CONSTRUCTION	22	256,325.1 (211,744.3)	+21.1	196,123.2 (155,968.5)	171,295.4 (117,895.0)	82,416.1 (65,976.4)	84,000.2 (61,061.7)	-37.6	10,920.8 (9,033.4)	+20.9	130,033.4 (98,769.7)	984,007.6 (860,863.3)	19.9 (18.1)	320,685.7 (279,436.1)
ELECTRICALS EX ELECTRN. ETC.	6	91,538.1 (85,110.8)	-7.6	68,549.7 (62,462.9)	56,905.0 (50,385.1)	25,644.6 (25,117.1)	24,102.0 (17,853.3)	-35.0	11,718.4 (10,636.4)	+10.2	33,580.0 (28,403.6)	452,027.2 (412,469.2)	15.3 (15.1)	128,674.1 (144,821.2)
ENGINEERING	68	864,660.7 (819,246.4)	+5.5	693,873.4 (660,932.2)	583,056.9 (547,518.6)	225,460.7 (270,654.9)	334,057.2 (257,707.3)	+29.6	100,551.6 (78,981.3)	-27.5	382,031.7 (317,822.0)	4,227,951.3 (3,946,071.3)	16.4 (16.7)	1,786,107.0 (1,676,952.0)
MACHINE TOOLS	7	21,000.3 (17,756.8)	-18.3	16,775.4 (13,777.8)	14,191.0 (11,208.9)	5,703.8 (6,985.2)	8,510.3 (5,089.0)	+63.3	2,503.8 (1,897.8)	-31.9	9,212.1 (6,357.0)	94,143.9 (88,517.5)	17.8 (15.6)	65,281.9 (51,445.9)
MISC. CAPITAL GOODS	13	80,371.4 (80,411.5)	-0.1	65,688.1 (67,027.1)	56,960.6 (57,322.4)	27,692.6 (28,720.5)	26,107.8 (25,722.6)	-1.5	8,852.1 (7,586.3)	+16.7	29,908.6 (29,634.9)	372,886.3 (371,726.3)	17.6 (18.0)	190,055.9 (97,811.6)
TOTAL CAPITAL GOODS	151	1,756,641.4 (1,616,927.1)	+8.7	1,367,180.6 (1,244,655.7)	1,162,978.8 (1,030,166.2)	483,622.4 (519,763.2)	630,128.3 (479,890.6)	-31.4	183,933.4 (148,501.7)	+23.9	791,586.2 (652,679.0)	8,063,784.4 (7,401,354.2)	17.0 (16.8)	3,024,484.7 (2,634,711.6)
ELECTRONICS RADIO & TV	4	51,727.7 (61,158.5)	-15.4	40,410.9 (49,479.2)	37,430.6 (44,122.5)	14,759.9 (19,560.6)	22,223.6 (23,230.7)	-4.3	6,286.2 (5,073.4)	+23.9	26,578.3 (29,200.5)	214,815.7 (203,866.6)	18.8 (24.3)	110,029.7 (93,745.0)
HOUSEHOLD GOODS	16	43,946.0 (48,089.3)	-8.6	34,896.2 (38,602.3)	31,195.0 (35,027.7)	15,660.3 (16,666.7)	15,381.3 (18,083.9)	-14.9	5,890.9 (6,249.6)	-5.7	18,391.5 (20,181.9)	218,207.9 (205,926.4)	16.0 (18.7)	130,857.0 (135,242.7)
MOTORS & COMPONENTS	5	146,324.0 (165,875.2)	-11.8	103,780.3 (123,517.1)	70,669.5 (91,919.4)	29,508.6 (51,418.7)	28,211.3 (26,715.1)	-5.6	9,466.2 (9,295.7)	+2.0	61,600.9 (62,828.9)	883,340.6 (843,210.8)	11.8 (14.6)	336,304.4 (310,160.8)
MOTOR DISTRIBUTORS	15	71,153.7 (52,868.4)	-34.6	56,829.6 (38,293.2)	42,315.0 (38,213.0)	17,468.8 (14,325.9)	24,267.1 (13,178.3)	-84.1	6,340.7 (4,787.7)	-32.4	31,092.2 (17,806.3)	279,281.1 (236,597.8)	20.0 (16.2)	94,803.7 (69,239.7)
TOTAL CONSUMER DURABLES	40	313,151.4 (327,989.4)	-4.5	234,917.0 (249,891.8)	181,610.1 (199,283.4)	77,397.6 (102,171.9)	90,083.3 (81,208.5)	-10.9	28,004.0 (25,406.3)	-10.2	137,862.7 (130,017.5)	1,594,645.3 (1,489,591.8)	14.7 (16.8)	671,694.5 (598,390.1)
BREWERIES	1	3,398.0 (3,146.0)	+8.0	3,134.0 (2,967.0)	3,067.0 (2,906.0)	1,619.5 (1,550.0)	1,447.5 (1,356.0)	-6.7	589.0 (524.0)	+12.4	1,011.6 (919.0)	12,531.0 (11,194.0)	25.0 (26.5)	465.0 (1,206.0)
DISTILLERIES & WINES	1	1,276.0 (971.0)	+31.4	980.0 (709.0)	731.0 (430.0)	295.0 (246.0)	436.0 (184.0)	-137.0	163.0 (145.0)	+12.4	497.0 (214.0)	4,368.0 (5,484.0)	22.5 (12.9)	2,734.0 (2,329.0)
HOTELS & CATERERS	5	76,433.1 (59,548.7)	-28.4	60,991.5 (44,719.2)	42,093.2 (25,451.3)	13,197.8 (13,645.0)	27,359.2 (11,474.8)	+138.4	8,873.4 (7,749.6)	+14.5	32,647.3 (17,556.5)	451,241.8 (389,955.8)	15.5 (11.5)	19,572.8 (10,174.7)
LEISURE	8	111,165.2 (85,549.2)	-29.9	69,389.5 (52,735.1)	57,415.1 (41,194.9)	27,420.1 (22,479.0)	29,065.7 (18,308.6)	-58.8	7,109.1 (5,149.4)	+38.1	62,409.1 (447,48.1)	343,022.6 (310,710.8)	20.1 (17.0)	-31,694.6 (-34,294.9)
FOOD MANUFACTURING	12	629,783.1 (615,677.7)	-2.3	528,169.0 (520,022.6)	473,797.7 (470,099.5)	226,158.8 (236,498.7)	232,967.3 (205,153.3)	-13.6	55,790.0 (50,406.0)	+10.7	275,057.9 (246,524.4)	2,415,900.0 (2,107,436.6)	21.9 (24.7)	1,109,787.5 (927,462.6)
FOOD RETAILING	7	16,562.0 (18,010.5)	-8.0	12,506.7 (14,246.5)	11,358.0 (13,352.8)	4,443.6 (7,324.2)	6,700.9 (5,944.9)	-12.7	2,243.9 (1,603.5)	+40.0	7,368.7 (6,521.2)	70,371.7 (49,232.0)	17.5 (28.9)	15,139.5 (13,141.7)
NEWSPAPERS AND PUBLISHERS	19	124,144.9 (105,936.3)	-17.2	101,128.3 (85,917.4)	86,698.8 (72,109.0)	42,494.1 (37,622.7)	41,122.5 (31,264.6)	-31.6	11,622.4 (10,168.6)	+14.3	48,908.6 (38,231.4)	475,997.2 (428,736.4)	31.2 (20.0)	120,938.9 (94,849.1)
PACKAGING AND PAPER	9	91,153.8 (85,460.2)	-6.7	66,433.6 (57,697.5)	55,515.9 (46,910.3)	21,014.8 (22,589.8)	32,078.5 (21,754.0)	+47.5	10,686.0 (8,677.9)	-30.4	44,226.7 (34,940.4)	365,911.3 (330,389.3)	18.2 (17.4)	180,234.4 (183,405.2)
STORES	9	145,974.0 (125,499.9)	-16.3	127,899.8 (108,228.7)	115,576.1 (94,953.2)	61,937.0 (51,266.9)	53,465.0 (43,351.7)	+23.8	25,113.8 (23,236.2)	+8.1	43,996.7 (32,739.7)	710,643.4 (597,900.2)	18.0 (18.1)	179,485.8 (113,960.5)
CLOTHING AND FOOTWEAR	26	62,728.4 (55,459.3)	+13.1	50,429.6 (45,859.8)	44,263.4 (36,138.5)	18,430.6 (18,607.1)	25,380.1 (16,999.4)	+48.7	5,542.5 (5,078.6)	+9.1	28,689.7 (20,261.0)	224,441.8 (202,697.7)	22.5 (22.5)	118,133.0 (94,775.7)
TEXTILES	13	46,900.0 (40,311.6)	+16.3	36,256.1 (27,672.6)	24,167.2 (16,962.4)	5,578.7 (10,304.8)	17,972.5 (5,632.7)	+219.1	5,038.0 (3,875.8)	+29.7	26,067.2 (13,830.5)	251,798.6 (240,701.1)	14.4 (11.5)	120,098.7 (94,897.7)
TOBACCO	1	204,206.0 (200,432.0)	+1.9	171,135.0 (168,098.0)	129,119.0 (129,568.0)	27,945.0 (65,008.0)	100,860.0 (64,195.0)	-57.1	39,973.0 (35,786.0)	+11.7	92,435.0 (59,274.0)	1,322,033.0 (1,119,201.0)	12.9 (15.0)	385,704.0 (326,737.0)
TOYS AND GAMES	2	5,221.4 (5,075.9)	+2.9	4,245.8 (4,212.4)	3,657.9 (3,627.2)	1,030.3 (1,968.4)	2,621.9 (1,652.9)	-58.6	477.2 (427.4)	+11.7	9,475.7 (1,864.5)	17,287.7 (16,255.7)	24.6 (25.9)	7,224.4 (8,897.1)
TOTAL CONSUMER NON-DURABLE	113	1,518,945.3 (1,401,877.5)	+8.4	1,232,398.8 (1,132,587.2)	1,047,359.3 (953,705.1)	450,565.5 (489,110.6)	571,375.1 (427,461.3)	-33.7	178,511.3 (153,027.8)	+16.7	671,691.3 (516,644.7)	6,668,438.1 (5,809,884.5)	18.5 (19.5)	2,208,782.9 (1,807,819.0)
CHEMICALS	18	1,258,114.6 (1,162,574.8)	-9.2	890,035.8 (823,326.4)	751,353.4 (698,100.6)	301,540.4 (326,786.0)	418,427.8 (339,669.6)	+23.2	128,171.4 (111,172.9)	-15.3	560,572.8 (476,984.0)	6,061,067.6 (4,724,829.1)	17.6 (17.4)	1,949,097.1 (1,959,376.8)
OFFICE EQUIPMENT	8	228,084.2 (166,664.0)	+37.7	205,685.6 (141,703.9)	166,702.9 (106,467.0)	76,570.8 (55,124.0)	95,578.0 (56,617.6)	+68.8	17,947.5 (15,820.6)	-13.4	92,315.1 (57,191.3)	848,165.6 (806,545.7)	24.2 (17.6)	185,256.3 (182,344.1)
SHIPPING	5	194,796.0 (189,416.5)	+2.8	126,793.6 (127,266.7)	77,131.6 (78,622.4)	12,145.8 (31,169.9)	64,423.5 (45,829.6)	+40.6	19,385.0 (17,182.2)	+12.8	104,950.2 (83,297.2)	1,423,238.7 (1,366,248.5)	8.9 (9.3)	-8,995.5 (36,415.0)
MISC. INDUSTRIAL	41	488,112.1 (420,893.5)	+16.0	386,380.9 (329,314.9)	317,122.7 (262,810.5)	149,886.8 (136,666.1)	146,635.7 (108,427.1)	-35.2	50,263.4 (38,904.5)	+29.2	188,875.9 (152,009.2)	2,076,127.0 (1,882,134.9)	18.6 (17.5)	645,827.1 (492,960.4)
TOTAL INDUSTRIALS	376	5,757,846.6 (5,273,841.0)	-9.2	4,443,292.6 (4,048,546.2)	3,704,258.5 (3,328,153.2)	1,551,729.1 (1,680,791.7)	2,016,651.7 (1,538,304.5)	+31.1	606,216.0 (510,015.7)	-18.9	2,547,654.2 (2,068,822.9)	25,728,466.7 (23,479,336.7)	17.3 (17.2)	8,674,126.9 (7,611,288.4)
OIL	5	4,534,433.7 (4,013,227.9)	+13.0	3,978,228.7 (3,527,796.0)	3,665,760.0 (3,271,616.1)	2,684,037.1 (2,564,629.0)	902,329.0 (672,028.4)	-34.3	173,903.0 (154,444.1)	+12.6	1,379,678.5 (999,322.5)	10,096,030.8 (9,526,463.3)	39.4 (37.0)	3,659,646.5 (3,586,613.2)
BANKS	5	1,119,888.0 (939,930.0)	+19.1	961,294.0 (798,527.0)	877,068.0 (730,861.0)	466,166.0 (385,020.0)	396,884.0 (321,354.0)	+23.5	84,460.0 (72,095.0)	-17.2	465,310.0 (385,296.0)	4,836,722.0 (4,231,447.0)	19.9 (18.9)	2,045,361.9 (1,711,152.0)
DISCOUNT HOUSES, MERCHANT BANKS etc.	1	35,687.0 (13,717.0)	-145.6	— (—)	— (—)	— (—)	-4,871.0 (-31,578.0)	-548.5	— (—)	—	— (—)	33,160.0* (51,551.0)*	— (—)	4,512.0 (-5,542.0)
HIRE PURCHASE	2	21,370.8 (19,145.5)	-11.6	20,530.3 (18,509.8)	11,629.8 (8,909.1)	6,255.1 (4,734.9)	5,340.7 (4,137.2)	-29.1	2,354.2 (2,057.3)	-14.4	3,545.5 (2,470.1)	106,527.7 (108,457.5)	19.5 (17.1)	57,757.0 (46,290.0)
INSURANCE	2	200,789.0 (147,468.0)	-36.2	— (—)	— (—)	(—)	105,726.0 (81,361.0)	+29.9	37,722.0 (33,728.0)	+11.8	— —	2,968,035.0 (2,723,718.0)	— (—)	-71,431.0 (36,791.0)
INSURANCE BROKERS	6	146,418.0 (126,995.0)	-15.3	124,524.0 (106,555.0)	103,396.0 (85,634.0)	52,702.0 (44,599.0)	47,995.0 (38,210.0)	-25.6	13,716.0 (12,114.0)	+13.2	54,186.0 (44,016.0)	527,961.0 (429,404.0)	23.6 (24.8)	65,814.0 (74,823.0)
INVESTMENT TRUSTS	61	89,709.5 (78,824.7)	+13.8	88,659.3 (77,852.2)	71,333.3 (60,140.1)	27,276.0 (23,240.3)	42,480.0 (35,075.1)	-21.1	40,012.2 (33,418.6)	-19.7	8,184.6 (1,891.8)	1,670,018.7 (1,456,628.7)	5.3 (5.3)	31,280.2 (10,804.6)
PROPERTY	11	103,399.4 (120,347.8)	-14.1	100,641.2 (116,931.3)	20,079.1 (20,339.0)	7,536.5 (6,377.1)	6,079.1 (9,135.7)	-33.6	6,287.9 (5,498.5)	+14.4	1,224.7 (5,558.9)	1,336,484.1 (696,640.6)	7.5 (19.6)	-8,380.9 (-7,417.0)
MISC. FINANCIAL	5	8,110.0 (9,547.0)	-15.1	7,375.6 (8,747.6)	886.5 (-2,008.9)	2,530.8 (912.7)	-1,655.3 (-2,871.8)	+42.3	403.9 (360.6)	-12.0	-1,655.1 (-2,752.4)	51,276.1 (74,270.8)	14.4 (11.8)	20,733.6 (7,281.5)
TOTAL FINANCIAL	91	1,723,371.7 (1,455,976.0)	+18.4	1,303,022.4 (1,127,122.9)	1,084,371.7 (903,774.3)	552,455.4 (464,884.0)	597,978.5 (454,803.2)	-31.5	184,956.2 (159,271.9)	+16.1	530,795.7 (436,479.4)	11,530,174.6 (9,672,134.3)	11.3 (11.7)	2,145,645.9 (1,678,187.1)
RUBBERS	5	6,715.0 (5,633.5)	+19.2	6,444.0 (4,586.8)	5,186.0 (4,357.1)	1,773.7 (1,923.6)	3,412.2 (2,413.6)	+41.4	1,265.9 (1,054.9)	+19.8	3,180.2 (2,161.4)	21,458.1 (22,450.5)	25.4 (20.4)	8,592.3 (6,477.6)
TEA	1	101.5 (49.8)	+103.8	98.8 (47.4)	98.8 (47.4)	36.0 (18.1)	62.8 (29.4)	-113.6	47.0 (30.5)	-54.1	15.9 (-1.2)	1,013.8 (1,001.2)	9.7 (4.7)	96.5 (69.1)
TIN	2	5,271.1 (3,366.0)	-56.6	4,874.7 (2,886.0)	4,874.7 (2,886.0)	1,071.2 (858.5)	3,038.8 (1,581.0)	-92.2	583.9 (574.2)	+1.7	2,799.2 (1,442.3)	10,178.5 (10,115.6)	47.9 (28.5)	8,063.1 (7,047.6)
MISCELLANEOUS MINING	1	327.2 (369.1)	-11.4	299.5 (343.3)	283.5 (336.1)	102.2 (141.5)	181.3 (193.7)	-6.4	133.7 (127.3)	-5.0	51.1 (69.4)	2,712.3 (2,865.4)	11.0 (11.6)	497.6 (385.8)
OVERSEAS TRADERS	2	3,887.1 (2,736.0)	+42.1	3,648.8 (2,495.3)	3,571.8 (2,278.6)	1,836.0 (1,195.0)	1,685.0 (1,083.5)	+55.5	524.4 (395.9)	-32.5	1,326.0 (807.6)	18,805.5 (17,457.7)	19.4 (14.5)	3,016.0 (1,834.9)
TOTAL COMMODITIES	9	16,299.9 (12,154.2)	-34.1	14,365.6 (10,358.8)	14,014.8 (9,884.2)	4,869.1 (4,136.6)	8,380.1 (5,301.2)	-58.1	2,552.9 (2,182.8)	+17.0	7,372.4 (4,479.5)	54,168.2 (53,988.1)	26.5 (19.2)	18,070.3 (15,065.3)

NOTES ON COMPILATION OF THE TABLE

The classification follows closely that of the Institute and Faculty of Actuaries which has been adopted by the Stock Exchange Daily Official List.

Col. 1 gives trading profits plus investment and other normal income properly belonging to the financial year covered. The figure is struck before charging depreciation, loan and other interest, directors' emoluments and other items normally shown on the profit and loss account. Excluded are all exceptional or non-recurring items such as for example capital profits unless the latter arise in the ordinary transaction of business.

N.B.—Certain companies including merchant banks, discount houses, insurance and shipping companies are exempted from disclosing the full information required under the Companies Act, 1948.

Col. 2 gives profits before interest and taxation that is to say profits after all charges except loan and other interest but before deducting taxation provisions and minority interests. In the case of Banks no figure can be shown because of non-disclosure (see foregoing paragraph).

Col. 3 gives Pre-tax Profits that is to say profits after all charges including debenture and loan interest but before deducting taxation provision and minority interests.

Col. 4 groups all corporate taxation including Dominion, Colonial and Foreign liability and future tax provisions but excludes adjustments relating to previous years.

Col. 5 gives the net profits accruing on equity capital after meeting—

1—Minority interests

2—All prior charges—sinking fund payments, etc., and Preference dividends and

3—Provisions for staff and employees pensions funds where this is a standard annual charge against net revenue.

Col. 6 sets out the net cost of dividend on equity capital.

Col. 7 is the capital generated internally over a year's trading. For the purposes of comparison equity earnings plus depreciation less equity dividends is the recognised method of computing this figure.

Col. 8 constitutes the total net capital employed. This is the total of net fixed assets—excluding intangibles such as goodwill—plus current assets less current liabilities, except bank overdrafts.

* For merchant banks and discount houses a more realistic figure to quote is the balance-sheet total.

Col. 9 represents the net return on capital employed Col. 2 as a percentage of Col. 8 provides an indication of average profitability.

† Excluding merchant banks, discount houses, insurances, etc.

‡ No figures given.

Col. 10 net current assets are arrived at by the subtraction of current liabilities and provision from current assets.

Laboratories plan by Fisons

ANOTHER £1.3m will be spent by Fisons agrochemical division during the next two years on new laboratories for its applications, formulations and re-preparations departments.

This is in addition to a £4.3m programme announced in May 1977 to double the basic research, development and scientific services capacity at Chesterford Park research station, Saffron Walden, Essex, and in testing stations around the world.

Highlands and Islands £1.5m factories plan

FINANCIAL TIMES REPORTER

THE Highlands and Islands Development Board is to invest £1.5m in creating an additional 54,000 square feet of factory space in its area over the next three years.

The scheme involves two types of building: advance factories of 6,000 square feet for some of the area's larger population centres and advance workshops of 2,000 square feet to be allocated mainly in the smaller towns.

Factories of 6,000 square feet are planned at Fort William, Wick, Alness, Nairn and Rothesay. Two of the smaller units will be built at Kirkwall and individual units are planned at Ullapool, Kyleakin (Skye) Grantown-on-Spey, Lochgilphead, Ballachulish and Tain.

Hotel planned for Orkney

A NEW 50-bed hotel with facilities for conferences and functions is planned for Orkney by a consortium of Orkney and Shetland businessmen who have concluded negotiations to buy a property in Kirkwall.

The Orkney Islands Council yesterday approved a loan for the venture. The building, once a mill, was used for Army billets during the Second World War and later became an egg packing station.

THE WEEK IN THE MARKETS

No demand for equities

LITTLE SEEMED to go right for the equity market this week after an opening day when bargains marked dropped to the lowest level for 1978. Thereafter there was nothing much to stimulate investment demand especially after the miners had put in a claim for a 40 per cent wage increase. The decision by GEC not to seek a substantial dividend increase came as a further blow on Thursday and the account closed on a very quiet note.

LONDON
ONLOOKER

Swan on song

For Swan Hunter shareholders, the agreement is one step further towards the voluntary liquidation of the existing group, which will be followed by distribution of its surplus cash, along with shares in its continuing business. This should happen in the autumn. At present, the group could have net cash of as much as 130p per share, plus net assets of 30p per share or more in its continuing operations. But its shiprepairing side is going to swallow up some of that money, and there is at present no way of calculating how the stock market will value the shares in the new mini-Swan Hunter group. The present market price of 140p looks a reasonable compromise for the time being.

Swan Hunter must be tickled pink with this week's agreement on compensation for the nationalisation of its shipbuilding business. A price of £15m—which is as near to book value as makes no difference—looks generous considering what has happened to the industry in the last year or two. But some of the companies which have yet to agree compensation terms are not going to be so happy.

The payments are based, arbitrarily, on the market capitalisation of the parent company in the six months up to February, 1974. That's fine for Swan Hunter, which happened to be capitalised at about £16½m during the relevant period. But its is not so much fun for a group like BAC, where profits have taken off since 1974.

Cartiers' issue

This week saw the announcement of another new issue from the Robert Fleming stable—Cartiers Superfoods. It will probably not be another Eurotherm, which was nearly a hundred times oversubscribed, but it looks to have all the successful ingredients even though the High Street price war is hitting the profits of the like of Tesco and Sainsbury.

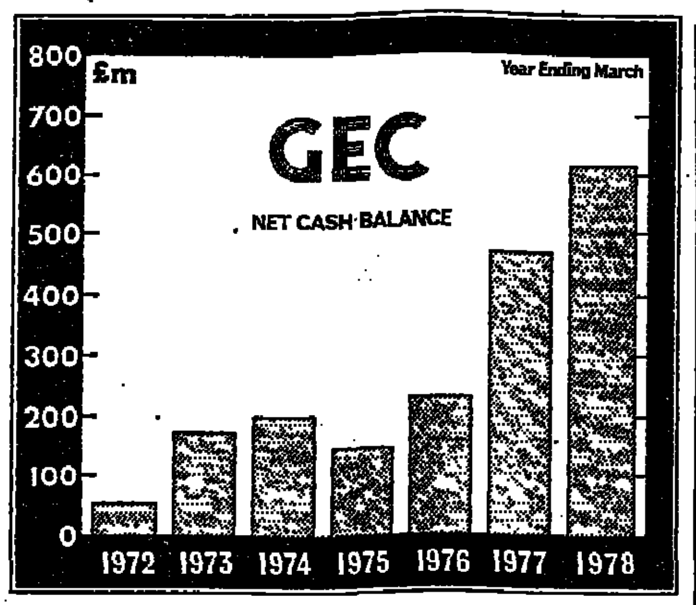
Lew Cartier, the founder, left school early and qualified as a butcher in 1964 at the age of 18. After working in the butchery trade in Devon for four years he returned to his native Kent, borrowed £500 to buy a van, and set up a flourishing door-to-door butchery round. In the autumn of 1969 he bought his first shop in Margate and has never looked back.

Today, aged 32, he has 11 shops with another five opening before the end of 1979 and has seen his profits rise from £47,000 to £828,000 over the last five years. In the current year he is forecasting profits of £1¼m and hopes over the longer term to open at least three new shops (totalling 100,000 square feet) per annum. In addition, it is intended that dividends will move in line with profits during 1979-80 so shareholders should be able to benefit from the early growth period.

At the issue price of 55p the shares yield 6½ per cent which is comfortably above the yields on other supermarket shares but the prospective multiple of 11 is rather high, especially since the issue is coming to the market at a premium of 80 per cent over net asset value. Nevertheless, the issue should go well and Lew Cartier, himself, intends to hold on to his 52 per cent stake for the foreseeable future which is a good sign.

GEC dividend

General Electric's new dividend policy has bitterly disappointed the market, especially after the company's repeated criticism of government limitations on shareholders' income. The net cash balances had after all jumped from £407m to £617m in a year when profits were 17 per cent higher at £325.3m. Whatever happens to official dividend restraint after July 31, the directors said they intended to keep in line with the phase three increase of 10 per cent, plus a so-called "self-financing" bonus representing interest on funds which would have been paid had restraint not existed. While shareholders might have expected past anomalies to be corrected as soon as possible,



the decision to choose moderation is probably not too surprising considering the current political climate. GEC is a big enough fish for other companies to follow and a substantial dividend increase would upset government plans at a time when it is trying to persuade the unions to moderate their wage demands. An intriguing question is whether GEC chose this policy of its own accord, or whether there has been subtle pressure from elsewhere. In the meantime sharholders have to content themselves with a prospective yield of a mere 2.6 per cent.

Life figures

No one would readily picture Barbara Castle, that fiery left winger, in the role of chief sales representative for the UK life assurance industry. Yet the Social Security Pensions Act, 1975, which became law under her tenure of office as Secretary of State for Social Services, has provided a bonanza for the industry this year according to the half-year's new business figures from Prudential, Legal and General and Standard Life—the big three in pensions.

The Pru reports a jump of 70 per cent in new annual premiums on its UK pensions business, L and G a rise of 55 per cent and Standard a 40 per cent increase. The Act, which came into force on April 6, not only made employers improve the existing benefit levels, but it stimulated manual employees' interest in pensions.

Rising house prices since the turn of the year have given individual life business a shot in the arm. L and G has seen a 45 per cent jump in premiums on mortgage repayments business and Standard a 56 per cent rise. Life companies need new business to rise at least in line with inflation to avoid pressure on expenses. After last year's rise of only 6 per cent, this year's figures look like providing ample compensation: The Pru, although weak in this market, also saw a 44 per cent rise in individual business having changed the remuneration basis of its field staff putting the emphasis on premium.

THE TOP PERFORMING SECTORS IN FOUR WEEKS FROM JUNE 8

	% Change
Newspapers, Publishing	+5.8
Investment Trusts	+1.2
Food Retailing	+0.6
Discount Houses	+0.6
Stores	+0.1
Toys and Games	−0.2
THE WORST PERFORMERS	
All-Share Index	−3.1
Entertainment, Catering	−6.0
Textiles	−6.0
Breweries	−6.1
Tobaccos	−6.4
Shipping	−7.9

MARKET HIGHLIGHTS OF THE WEEK

	Y'day Price	Week Change on	High 1978	Low 1978	
Ind. Ord. Index	455.6	− 5.2	497.3	433.4	Persisting uncertainties
Bassett (Geo.)	119	−15	157	119	Disappointing preliminary results
British Dredging	41	+ 5	41	21	Ahead of Monday's figures
Bulmer (H.P.)	120	−10	157	114½	Ahead of Wednesday's results
Carpets International	56½	+ 8	56½	39½	Recovery hopes
De Beers Dfd.	376	−20	412	285	Profit-taking after recent rise
Econa	91	+19	94	53	Agreed bid from Newman-Tonks
Eucalyptus Pulp	57	− 8	70	55	Disappointing annual results
Guthrie	362	+44	362	211	Perisiting merger speculation
Henderson-Kenton	90	+ 8	90	63	Good preliminary results
HK Land	186½	+ 9½	193	87	Domestic market trend
Oil Exploration	210	−20	306	178	Withdrawal of spec. support
Shaw Carpets	38	+ 7	38	20	Pleasing annual figures
Southern Pacific Petroleum	225	+30	300	50	Govt. drops resources tax plans
Stewart Plastics	152	+12	153	108	Speculative demand
Swan Hunter	140	+13	157	125	Nat. compensation terms
Thermal Syndicate	95	−19	137	95	Interim profits setback
Vosper	170	+10	181	135	On Swan Hunter nat. terms
Websters Publications	52	+ 8	52	23½	Bid hopes persist despite denial
Wettern Bros.	116	+19	116	56	Increased offer from Glossop

Trading volume slips back

"SELL IN May and go away" is an old adage of the London Stock Exchange which investors on Wall Street might have been well advised to heed this year.

Those investors who rolled with market from its February low on the Dow Jones index of 742.12 to its June 6 high of 866.51 have spent the past four weeks coasting back to the pits. As the July 4 Independence Day weekend unfolded the question on investors minds was could the market hold up above the 800 level at which point it would only have surrendered half of its spring advance.

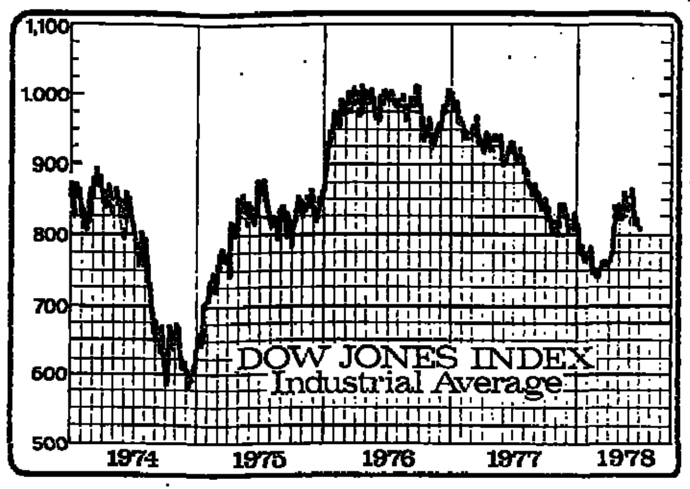
So far the averages have shown enough resilience to prevent widespread despondency gaining a firm grip. Nevertheless the volume of trading after the record levels achieved in the spring quarter has slumped

NEW YORK
JOHN WYLES

to a degree which scarcely suggests that investors are about to shake off their gloom and send share prices soaring again.

Through April and May daily trading on the New York Stock Exchange averaged around 35m shares and in aggregate in the second quarter a total of 3.43bn shares changed hands. Since the middle of June daily volume has on average been no more than 25m shares. On Monday trading sank to only 11.56m shares—the longer the July 4 weekend the better dealers seemed to be indicating.

The optimists on Wall Street are saying that while the market has retreated in June the spring rally was at least a psychological turning point. To the extent that it reminded investors that share prices can go up as well as down and just as quickly that is surely true. Moreover so far there are no



signs of institutions starting to dump big blocks of stock on the market again.

Indeed big institutional fund managers can draw some comfort from the overall share price trends in the spring. Thus while the Dow Jones average in the second quarter rose 8.13 per cent and the Standard and Poors 500 index 7.08 per cent some of the shares of leading companies in which institutions have heavy holdings performed much better.

International Business Machines for example rose 9.2 per cent. Eastman Kodak one of the worst performing of the former glamour stocks rose 26.3 per cent. Schlumberger was up 24.7 per cent and Proctor and Gamble up 16.7 per cent. In percentage terms these rises paled in comparison with the performance of the main gambling stock such as Resorts International and Playboy, some of which doubled. But in terms of increased value of market capitalisation, rises in shares like IBM are far from significant. IBM's rise for example increased its market capitalisation to $3.2bn. Resorts capitalisation rose $125m.

But if the performance of the major stocks will help to support the market it is already clear that perhaps the most investors can hope for in coming weeks is a modest rally.

The dollar is once again under some pressure on the foreign exchange markets, there is the uncertainty of this month's economic summit in the wings and interest rates are showing no signs of peaking. Moreover the administration has conceded that inflation this year will be about 1 percentage point worse than it had previously forecast at 7.2 per cent.

Monday	812.89	−6.06
Tuesday	Ind. Day Hol.	
Wednesday ...	805.79	−7.10
Thursday ...	807.17	+1.38
Friday	812.46	+5.29

U.K. INDICES

Average week to	July 7	June 30	June 23
FINANCIAL TIMES			
Govt. Secs.	69.39	69.18	69.67
Fixed Interest	71.27	71.23	71.97
Indust. Ord.	454.2	456.5	459.0
Gold Mines	159.3	159.5	162.3
Dealings mkd.	4,346	4,309	4,728
FT ACTUARIES			
Capital Gds.	208.49	207.93	210.81
Consumer (Durable)	191.47	191.33	195.53
Cons. (Non-Durable)	195.53	195.22	197.41
Ind. Group	203.98	203.93	206.48
500-Share	226.68	226.76	229.05
Financial Gp.	155.26	156.64	159.95
All-Share	208.62	208.70	211.40
Red. Debs.	56.71	57.29	57.36

On the bright side

THROW OFF your hairshirt—glamour is back. This is the message that the stock markets of the world have been sending out since spring.

The world index, as calculated by Capital International Perspective, has at last perked up after two years of unwaveringly sideways movement. And the new upward trend is characterised by the glamour stocks and stock markets which have been under a cloud for so long.

The top performing market is Hong Kong, re-establishing its position as a "warrant on the world." Singapore and Japan are other top performers. So last year's pre-occupation with yield has gone by the board. These three high-growth areas are amongst the lowest yielders at 3.9, 2.7 and 2.2 per cent respectively.

The top performing sector worldwide is that erstwhile growth industry, airlines, with a rise of 26 per cent. Trailing in its wake are other darlings of the late 60s and early 70s, health and personal care, construction and real estate and holding companies.

This new development suggests that the traumatic effect of the 1973 oil crisis is at last being played out. The major economies have come through the severe recession while their stock markets have been through bear markets followed by recovery. But now these markets appear to have gone on to a further stage of confidence and are finally willing to see beyond the next few dividend payments to longer term growth prospects. The cult of the equity has by no means returned with all its earlier strength, but the stories of its death are now seen to have been greatly exaggerated.

This story does not hold good throughout the world. Some of the weaker economies have taken longer to get over the

WORLD WIDE
JAMES BARTHOLOMEW

oil trauma and are still going through the kind of economic anguish which we know all too well in the UK. The stock markets of these countries are still back in the recovery phase and hairshirts are still the order of the day.

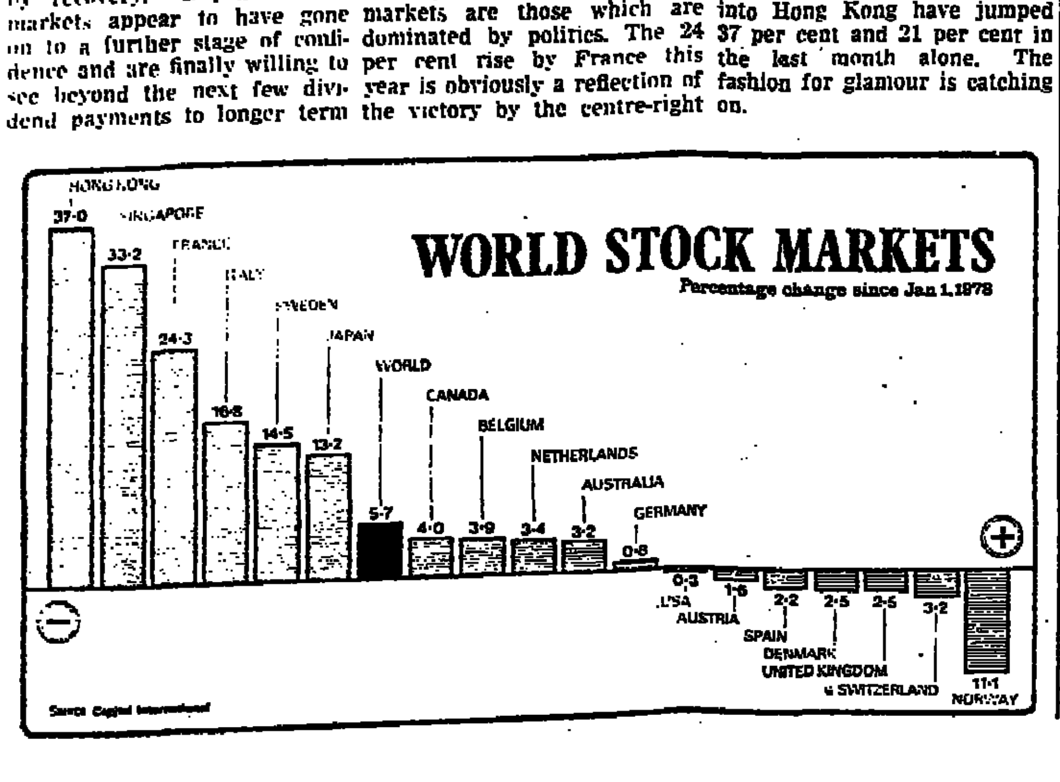
The main case in point is Italy, which David Fuller of Chart Analysis considers to be at the same sort of stage as Britain at the close of 1974. The market there has already risen 17 per cent this year to come fourth in our league table. And that master wizard of bull markets, Mr. Alan Whittome of the IMF, has been over there to work his magic spell. Since Italy is still 72 per cent off its all-time high, one could be forgiven for thinking that it still has a lot of upside potential.

Completely different kinds of markets are those which are dominated by politics. The 24 per cent rise by France this year is obviously a reflection of the victory by the centre-right in the election. And South Africa, which is not on our table, has risen about 14 per cent. Its stock market seems to be coming more insulated as every nervous overseas investor who ever invested there must surely be out of it by now. The economy has apparently bottomed out and London selling is reported to have dried up.

A most intriguing market, which also falls into the "political" category, is that of Spain. It has been engaged in the most spectacular nose-dive for the past few years but in March it started to show spirited signs of resistance. The Central Bank is said to have been behind this and the question now is whether the resistance can be followed through. As the yield is 9.6 per cent and Spain is one of the fastest growing economies in Europe it may be worth taking a small gamble on it.

For the first six months of this year, the British international investor could not fail to do well, as long as he invested direct. Even if, by some unhappy eccentricity, he chose to put all his fortune into Norway—which fell 11 per cent—he will have been saved by the rise in the investment currency premium which has gone from 32 to 53 per cent. And if the 3 per cent fall in the Swiss market has failed to please, the one-tenth appreciation of the Swiss Franc has provided consolation.

But portfolios which were put into Hong Kong have jumped 37 per cent and 21 per cent in the last month alone. The fashion for glamour is catching on.



FINANCE AND THE FAMILY

Adverse possession

BY OUR LEGAL STAFF

My son bought his house 10 years ago. Some years before the previous owner had taken over a strip alongside the garden and fenced it. When can he be sure if this piece of land is his property? What if the owner were to turn up?

The period of limitation under Section 4 of the Limitation Act 1939 is 12 years. Provided the possession of the "squatter" is adverse to the true owner, as your son's and his predecessor's appear to have been, the true owner's title will have been extinguished (under Section 16 of the Act) once the combined total of continuous adverse possession reached 12 years.

Valid claim for furniture

Parents died in 1947 leaving goods and chattels to their only daughter. She and her unmarried brother continued to live in the family home until 1960 when she left. He died last year. The lady lodged a claim against her brother's estate for the furniture and personal family items. The executor has refused to comply. For proof of her claim the wills of her parents can be produced, also two witnesses who knew the family home and know that the furniture was in her brother's possession until his death. Would you consider it advisable to take this claim to court?

On the facts which you state there would appear to be a valid claim by the daughter. We cannot say whether it is worth pursuing the claim without knowing the value of the property. If the estate is not greater than £15,000 a claim may be pursued in the County Court and the cost of doing this would not be unduly high.

Return from abroad

A British citizen returns to work in the UK after living abroad for eight years; 1—Is he entitled to keep his overseas capital (accumulated during those years) where it is? 2—Does Bank of England permission have to be obtained, and if so, how? 3—Is there any possibility of permission not being granted? 4—Can the overseas funds subsequently be transferred at will from one overseas investment to another? 5—Are the overseas funds liable to UK capital gains tax and income tax? 6—Can a U.K. external bank account be retained? 7—Is there a publication which answers these and similar questions?

1 and 2—Bank of England permission has to be obtained, either direct or, probably simpler, via your bank to retain investments abroad. Permission would be granted, however, only in special circumstances.

3—It is possible that permission would not be granted, otherwise there would be no point in requiring permission.

4—Normally, overseas funds can be transferred if permission has been given for them to be retained.

5—Overseas funds are liable to both income and capital gains tax.

6—An external account can be kept if fed from external sources.

7—No. The practice of exchange control can only be determined by the bank.

Registering a transfer

I try to transfer shares to my family on a do-it-yourself basis, but have had difficulties with registrars, who require an agent's stamp for exchange control reasons. This involves me both in trouble and expense. Can I not somehow make them register the transfer?

We agree that it is the duty of a company to register a transfer of shares which is properly executed and stamped. If you were to offer a statutory declaratio nas to the Exchange Control position with the transfer, you would be in a position to compel registration.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

The house of a bankrupt

Due to ill health, I was made bankrupt last year. I have a wife and four children. As soon as I was bankrupted, pressure was, and is, being applied for me to sell my house and now my building society will not accept my payments and have issued an eviction order. My hearing is six weeks ahead, what can I do? Does the eviction by the creditors trustee rest on the hearing? I can, I think, pay off the bank and the building society, by means of a loan to be made to my wife, thus enabling her to own the house outright. Can this be done? Does the trustee act for the creditors only and can we ask for a new trustee? *Do I have a right to a copy of the statement of affairs?*

You do not need to yield to the pressure which is being put on you to leave your house if it is the family home, provided that you can make a realistic offer to pay *arrears* of money due on the building society mortgage and instalments as they become due. You cannot be evicted without a Court Order, and the court has a discretion to adjourn the case to enable you to pay off arrears. You should attend at the court hearing and explain what you have paid and what you have tendered, and show what you can now pay. The creditors, as opposed to the building society, will not normally be able to evict you unless it is shown that you are maintaining too extravagant a home. The trustee does act primarily for the creditors. You should consult a solicitor who is on the Legal Advice panel if you wish to consider methods of paying off the mortgage loans through a third party. You are entitled to a copy of the statement of affairs, but cannot require the appointment of a new trustee as of right. As to obtaining an adjournment of any proceedings we can only repeat our advice to consult a solicitor.

Surprise holiday package

INSURANCE
JOHN PHILIP

SUPPOSE YOU are travelling on the continent with your family in your own car which is laden also with personal belongings for holiday use. You leave your car properly locked while you all have a meal and on your return you find that it has been broken into, with cameras and other portable items stolen. When you get home you put in a claim under your holiday travel policy for the cost of replacements, this cost being well within that policy's financial limits for luggage and personal possessions. Some days later you get a letter from insurers accepting your claim in principle but referring you to a policy condition in these terms:

"If at the time the claim arises . . . there is any other insurance covering the same risk or any part thereof the Company shall not be liable to contribute more than its ratable proportion of the expenses costs loss or damage. . ."

Insurer's letter goes on to say something on these lines—"Have you a motor policy or any other insurance covering this loss and, if so, have you claimed for this loss under such policy? If not will you now please do so so that we can each pay our own share of your claim."

This kind of letter brings the return traveller face to face with one of the fundamental legal principles of insurance—that where there are two or more policies of indemnity covering the same person and the same risk then the policyholder cannot decide which insurer shall meet his claim—he must put that claim to both or all of them.

There is no argument that insurers are completely right in emphasising the established law by specific policy condition and then applying it appropriately to claims that are made: but it comes as a nasty shock to the returned traveller to be told to claim for part of the loss on his motor policy—because in so claiming he faces the loss of part or whole of his no claims discount on his motor policy at next renewal—the precise amount depending on his motor policy terms and his current NCD entitlement. There is no escape from this situation except that if the policyholder wants to keep his motor NCD he may have to agree to a proportionate settlement of his loss with his travel insurers, proportionate to the amount of their financial responsibility had he presented his claim to both insurers.

Keeping with the holiday travel policy, there is, in all holiday packages, a section which provides personal accident cover. This section promises the payment of predetermined amounts for death, for particular kinds of injury, and for total disablement. Insurers' liability to pay the promised amounts is unaffected by the traveller's holding of other personal accident cover whether with other insurers or even with the same company.

The same however is not true of the medical expenses cover provided in holiday insurances: such cover is provided on an indemnity basis, with insurers paying out on production of the bills and accounts that the policyholder has incurred. So the principle of contribution applies to medical expenses claims and this can be important, for often some medical expenses cover is provided under annual personal accident and disablement policies while limited cover is afforded under most "comprehensive" motor policies. And that brings the claimant back to the NCD problem.

There is one possible exception to the rule of non-contribution between "benefit" policies —an exception which does not depend on underlying legal principle but on specific policy conditions. The holder of a non-cancellable permanent health insurance will almost certainly have a clause in his policy limiting insurers' obligation to pay to a specified percentage of his own average pre-disablement earnings: the specified percentage is often in the range of 66 per cent to 75 per cent. In determining their liability, insurers take into account other PHI and disablement benefits due to the policyholder and perhaps even benefit payable under the state run NHI scheme. So the policyholder claiming personal accident benefit under his travel insurance and getting that in full, may find that that payment diminishes the amount that would be otherwise due under his PHI policy.

With indemnity policies it is straightforward enough for policyholder and insurers to agree that two or more policies cover the same risk and therefore in principle must contribute. But unless the contributing policies have virtually identical terms and financial limits so that each pays 50 per cent of the loss, it is often less easy for insurers to decide how much each should pay. There are a number of contribution rules established by insurers, some tested in the courts, which apply where different policy financial limits operate.

Suppose you have had a £100 camera stolen from your car. If your travel policy provides £500 worth of cover and has no single article limit you can without any other insurance, recover £100 from your travel insurance. If your comprehensive car policy provides £50 worth of cover and you have no other insurance you can ask your motor insurers to pay £50 if you are prepared to prejudice your NCD. But if you have to claim on both insurances, should each insurer pay £50, or should the travel insurers pay ten times the amount that the motor insurers pay (because that is the difference in the amount of financial limit) or should there be some other apportionment?

Fortunately most of the time arguments over the precise amount of each insurer's liability need not concern the claimant—it is only where for NCD reasons he may wish to avoid involving his motor insurance that he need be concerned with such apportionment. The principles that guide insurers in arranging apportionments I will discuss on another occasion.

New test for party politicians

EDUCATION
MICHAEL DIXON

"WHO would think of *judging* the expediency of a machine's composition before examining and ascertaining its purpose?" That question, asked by a 19th century thinker, was meant to be derisory. But it can be answered perfectly seriously with the words: this country's educational policy-makers.

Just 21 months ago, when the Prime Minister made his controversial speech in Oxford, it seemed that things were changing. "The goals of our education are to equip children to the best of their ability for a lively, constructive place in society and also to fit them to do a job of work," Mr. Callaghan said.

Although questionable and loosely worded, the sentence was a definition of purpose. And it was spoken with the ring of a party-leader who has decided that education might for once be a vote-*winning* issue.

Since then Mrs. Shirley Williams and her junior Ministers at the Department of Education and Science have made some commendable efforts, and numerous educators have *semantically* agreed with Mr. Callaghan's stated goals. But the Government has failed to get them accepted where it counts—in changes to the basic design of the educational machine.

With the political parties now composing the educational chapters of the election manifestoes, it is not hard to predict the results of this failure. It is the swift return of education, politically, to the negative status of a vote-*losing* issue.

The corollary is that it will be treated defensively in the manifestoes, once more figuring as a subsidiary auction of promises to increase "opportunities," with little if any account of who or what might be expected to benefit from them, and how.

A pointer to whether or not the electorate is again to be treated to this empty, though expensive, sham will be the main parties' reaction to the report, expected next week, of the committee under Sir James Waddell on a new 16-plus examination.

The Waddell inquiry was evidently born of the need for compromise between the teachers' unions' wish for a single exam system to replace GCE Ordinary levels and the Certificate of Secondary Education, and the Education Department's unwillingness to accept the consequent "dog's breakfast" proposals dished up by the 77-member Schools Council two years ago. With fewer cooks, the Waddell Committee must produce recommendations which look more appetising. But I doubt that they will prove nutritious.

While entailing a single 16-plus "system," the proposals can be relied upon to include the setting of different questions and even whole papers for more and for less academically able candidates. So the depressing process of committing children *early* to *preparation* for either the higher or the lower level will certainly continue.

Worse, I do not expect the report to countenance that the replacement exam should be capable of being passed or failed. Instead, as in Ordinary levels and CSE already, the candidates will merely be graded high or low.

"Abolishing failure" in this way, much as Stalin abolished malaria in Russia, removes the duty to diagnose and treat its cause. So the educational profession will be under no added pressure to develop different kinds of challenging study for the majority of children, whose intelligences are of other than academic type. The schools will just go on temporising with the less-cognitive intelligences by making the standard brand of academic study easy for them.

But for most of us, beyond the acquisition of the skills of the Three Rs, the only point of academic study is to develop intellectual rigour by overcoming the difficulties of exacting subjects. So current practice, which is *almost sure to be* confirmed by the Waddell Report, boils down to putting millions of children through 11 years of largely pointless schooling and then awarding them certificates signifying nothing.

By endorsing this yet again, the political parties would show that they, too, are content to tinker with the educational machine regardless of its purpose. Which brings us back to the 19th century thinker, who also wrote: "Be clever enough to start out from bad principles, and you cannot fail to be rightfully entitled to the bad consequences."

I hope that will serve as a warning to the Conservatives on simple grounds of common sense. To Labour it should have an added cogency. It was written by Karl Marx.

A question of capital

MINING
PAUL CHEESERIGHT

THERE IS nothing like a recession to induce prolonged bouts of introspection. For the last three years the mining industry seems to have been putting itself on, and taking itself off, a psychiatrist's couch. As the industry's worries have been exposed, one complaint has been constant.

It is what Mr. Ronald Fraser, the chairman of **Hudson Bay Mining and Smelting**, last year called "the erosion of industry's ability to generate capital," thus forcing it, at least partly, to abandon a traditional reliance on self-financing.

This has had a number of effects: a greater readiness to expand a facility rather than seek a new one, a search for joint ventures when major new projects are in view, an inclination to buy out another company rather than start a fresh mine and a tendency to consider small operations where development costs are low and returns are quick.

This week there have been a number of developments reflecting these new trends, involving three of the four major London mining finance houses — **Consolidated Gold Fields, Charter Consolidated** and **Rio Tinto-Zinc.**

Gold Fields has made its development strategy clear. It is concentrated on Europe and North America. Its main activity in the U.S. is **Azcon**, the steel group, but its mining hopes, funded from London, are based on **Gold Fields Mining Corporation.**

Over the next two years the group's capital expenditure on mining in North America will reach $50m (£26.6m). Much of this will go on the development of a coal property in Tennessee for which long-term sales contracts are being sought, but some $15m will be spent on precious metals and energy developments.

The group has been searching for mineral deposits which are not particularly appealing to U.S. majors. It has found two which are being developed and one which Mr. David Lloyd-Jacob, the chairman, said "was looking half-way like a mine." This last is a silver deposit in Texas.

But in Canada, in the Val d'Or area of Quebec, it has opened up the old O'Brien gold mine and installed a plant which will handle a modest 400-500 tons of ore a day. Production starts this month and should generate an operating profit this year, although its contribution to the group's total revenue will not be immediately significant.

The financial calculations for bringing the mine back to production after a lapse of about 20 years have been based on a bullion price of $130 an ounce. So it is off to a good start. Although the market has been quiet, yesterday's price was $184.125.

Meanwhile, in New Mexico, on the top of hill at Ortiz, GFMC has a potential opencast god mine with ore reserves of about 7m tons and an operating life of perhaps eight eyars. At the moment it is working on a heap leaching recovery process, and if its test work is satisfactorily concluded, the mine could come on stream in May, 1979.

Adopting another approach to the generation of fresh earnings, Charter, through its 46.3 per cent owned Beralt Tin and Wolfram, is buying a wolfram operation in Portugal, Mines de Borralha, which is French-registered.

Beralt is paying £1.8m over a period of 17 months for Borralha, which will come under the control of its 80.55 per cent operating unit in Portgual. Borralha has a mine some 300 miles from Beralt's operation in Panasquiera, but it also has a ferro-tungsten plant.

This plant would have been very attractive to Beralt, which has been looking into the possibilities of establishing one of its own without coming to any firm conclusion about it. And the extra mining production capacity of Borralha is not to be scorned.

Last year Borralha had a net profit of FFr 3.5m (£417,300) on an output of 226 tonnes of wolfram concentrates, but it has a development programme which should bring output up to 360 tonnes a year by 1980. For its part, Beralt last year produced 1,287 tonnes, its lowest amount for several years.

Beralt will be financing the purchase from reserves already in Portugal. Its last annual report showed that at the end of 1977 it had short-term deposits and cash in the bank of £6.9m.

The third example of expansion in the straitened circumstances of recession comes from **Conzinc Riotinto of Australia**, which is 72.6 per cent owned by RTZ. CRA's lead and zinc unit is **Australian Mining and Smelting** and it has unveiled an investment programme of A$11.0m (£6.76b) to upgrade its processing facilities at Port Pirie and Newcastle.

The investment comes at a time when the metal markets are depressed and follows warnings given in May by Sir Rod Carnegie, the CRA chairman, that lead and zinc activities this year might end in a loss. Under these circumstances, there is little inducement to look for wholly new capacity.

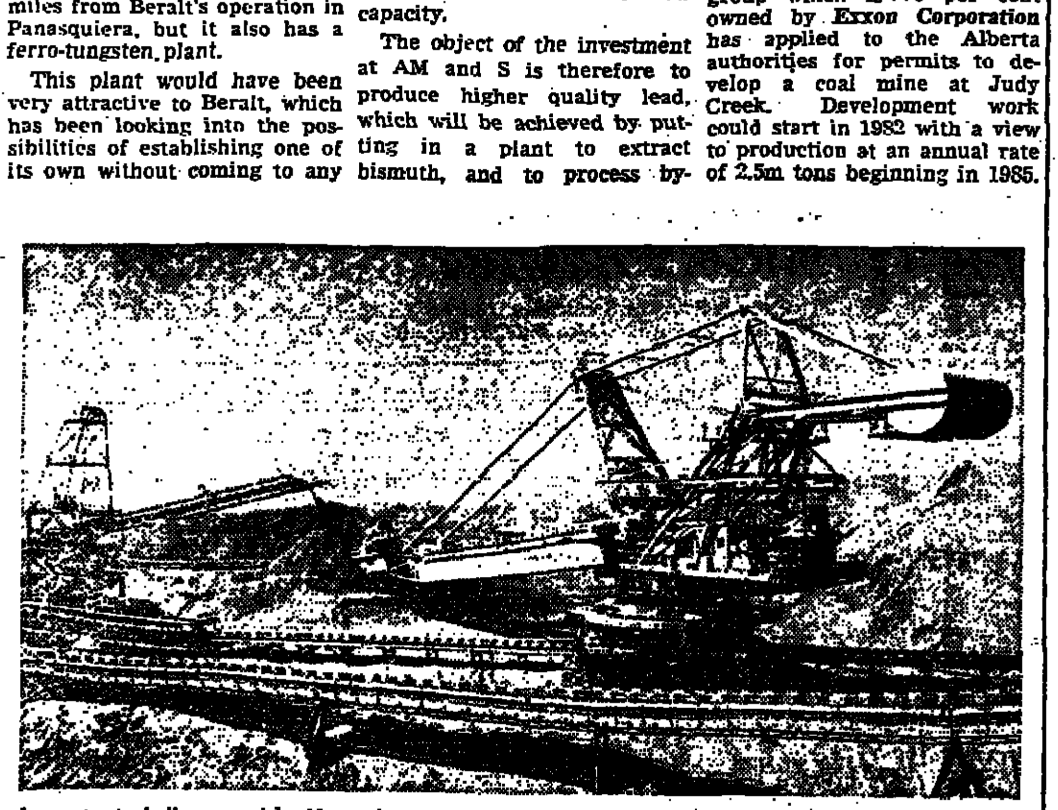
The object of the investment at AM and S is therefore to produce higher quality lead, which will be achieved by putting in a plant to extract bismuth, and to process by-products of existing operations which are currently sent overseas for somebody else to add value.

● **Hampton Gold Mining Areas** is expanding its UK coal interests by the purchase of **Wultex**, a private machinery company based in Yorkshire. The value of the deal is about £2.7m and payment is in cash and shares. Hampton is predicting dividend payments of 3.5p net for the year to next March and is paying 2.5p for the year to last March. The group is withdrawing from the Torrington wolfram venture in Australia.

● The international rough gem diamond market is returning to normality and the **De Beers Central Selling Organisation** is reducing its surcharge to 10 per cent for the sale in London next week. It was 15 per cent last month and has gradually lowered from a peak 40 per cent levied in March.

● **Consolidated African Mines**, the South African base metals producer which pioneered the export of iron ore to Japan, has applied to the courts for liquidation. Its last balance sheet for the year to June 1977 showed long-term debt of R3.5m (£2.14m) and net current liabilities of R3.7m.

● **Imperial Oil**, the Canadian group which is 70 per cent owned by **Exxon Corporation** has applied to the Alberta authorities for permits to develop a coal mine at Judy Creek. Development work could start in 1982 with a view to production at an annual rate of 2.5m tons beginning in 1985.



Iron ore stockpiles owned by Hamersley Iron of the RTZ group at Port Dampier in Western Australia. The Japanese steel mills have been warning Australian producers that their requirements are reduced. They are seeking more flexib le supply contracts.

YOUR SAVINGS AND INVESTMENTS

Worthy, but not wealthy

INVESTMENT
ADRIENNE GLEESON

ONCE UPON a time—well, a matter of some 15 years ago, to be rather more precise—a bright young man came down from Cambridge all set to make his way in the world. In recognition of the fact that he had reached the age of discretion, his father dipped into the family coffers to provide him with some capital, in the belief that the boy would view the gift as a responsibility. Which, indeed, he did. "I suppose I was something of a socialist in those days," he says. "I thought that the money ought to be put into something productive." So he hired the very best investment advice—a particularly blue-blooded firm of stockbrokers—and put it into stocks and shares.

This is a true story, but not, unfortunately, a story with a happy ending. Indeed, when I met the man himself the other evening, and the talk turned to investment, he proved to be very, very unhappy indeed. He took it ill that the market value of his investments should only recently have reverted to the level of the mid-1960s, and that there was very little to compensate him for the fall in the purchasing power of money in the meantime. He took it ill that such gains as he had made should leave him liable to tax, when in all probability they were not real gains at all.

But what, above all, was gall and wormwood to him, was the fact that the "productive" use to which his money had been put had turned out to be so very much less rewarding than the frippery objets d'art which had engaged the dilettante interest of his friends.

It is a view shared by a multitude of others. Yet equities have advantages which very few of the "real" assets which enjoy investment fashion from time to time can match. For a start, they provide a return of sorts—it may be a negative return, by the time that the Inland Revenue has had its slice, but it's cash flow just the same. In the second place they are readily marketable, and at a price which can be determined with reasonable precision by even a tyro at the game. Holding what might—or might not—turn out to be a high-priced masterpiece is all very well in a small way: but it doesn't provide much of a basis for financial planning.

And finally, a holding of stocks and shares can be extremely lucrative. Equities, in particular, may not be the universal specific against the effects of inflation that they were once considered to be, but anyone with good timing can still make a very great deal of money out of them.

The cost of rescue

ASSURANCE
ERIC SHORT

IF YOU have taken out a life policy in the past four years—that is since the beginning of 1975—then it is to be hoped you are prepared to help fellow policyholders less fortunate than yourselves. For the latest report of the Policyholders Protection Board shows that it will be making another levy on your premiums in the near future.

The Board was set up to making interim payments to the Policyholders Protection Act 1975, which guarantees that investors with failed insurance companies will receive at least 90 per cent of the benefits to which they are entitled under their contracts. The money required is found from a levy on premium income for contracts taken out in 1976 or later. Life and non-life business are dealt with separately.

The Board is at present making interim payments to the policyholders of Capital Annuities. Up to last May, such investors were getting 70 per cent of what they were entitled to. Now they are getting 90 per cent. But the Board has to make up the 20 per cent difference between what was and what is now being paid, in a lump sum payment at a cost of £500,000. It has already used up all the money raised from the previous levy, and has been running its operations on an overdraft. The accounts show that it was £150,000 in the red at end-March. In addition, the Board expects to pay out £1.25m next month in respect of guarantees made over Fidelity Life.

Some of this money, at least, may be recovered, at some date will into the future, but meanwhile the Board needs cash: and it is plain that once its precise requirements are known, it will be making a second levy. The first—¼ per cent of premium income—was made in August 1976. Although the sums involved may seem huge, the levy represents only a minute percentage of your premium. It seems a small price to pay for the security of the industry. Unless, that is, you hold the view—as the Scottish life companies still do—that the finance should have come from general taxation.

Nation Life story

MEANWHILE, WHAT is the position for policyholders in Nation Life—the life company where the horse had bolted before the Policyholders Protection Act shut the door? It is now well over a year since liquidator Mr. Gerry Weiss, of Cork Gully, made a payment. The latest news is not very cheery, since he has no fourth payment in view at the moment. He is still engaged in selling off the remaining assets and—not unexpectedly—the task is proving difficult. He hopes to do something before the end of the year, but whether or not he can depends very much on what happens in between. It doesn't make financial sense to make a distribution of under 10p in the pound, so it is simply a question of whether he will have accumulated enough cash to make this payment.

Even if payment is made, it will not be the end of the story. There are no plans for bringing the liquidation to an end. A number of properties will take time to sell, and there is still the question of how much can be recovered from the liquidation of the International Credit Bank of Geneva.

"... and please accept this watch and the bill for the VAT..."

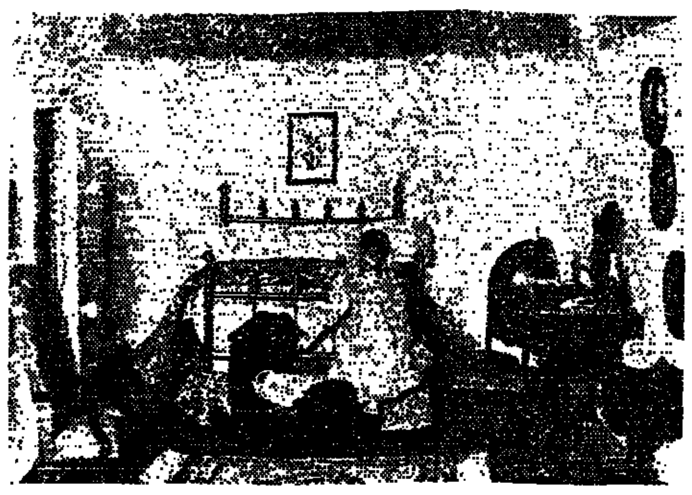
Taxing time

IT IS perhaps an indication of the state of Britain today, that a judge in all his panoply, with counsel and attendant minions, should have assembled in London recently to debate the question: should a company which presents its employees with gifts to mark their long and honourable service, be liable to VAT? But so it was: and the answer which emerged from Mr. Justice Neill in the Chancery Division last week was yes, it should.

Mr. Justice Neill held that the gift of the occasional gold watch or carriage clock by RHM Bakeries (Northern), to employees who had put in 25 years with the company, being "proper steps taken ... to promote good industrial relations," could not be considered as being done otherwise than in the course of the company's business. And since the said gold watch or carriage clock (a gift worth more than £10, to be precise) was supplied in the course of the company's business, the company was liable to VAT.

The cased hinged on the question of whether the occasional gold watch, or carriage clock, or whatever, is an emolument—like wages and salaries; or whether it is a taxable gift. For Inland Revenue purposes (as distinct from those of the Commissioners of Customs and Excise—who supervise the working of VAT), anything which an employee receives from his employer is taxable.

We therefore have a curious position, in that the recipient of a gold watch (or carriage clock) is technically liable to income tax on the gift (though exempted by an extra statutory concession, provided the article in question is of "reasonable cost," and that the employee in question has put in not less than 20 years with the company), while the donor is liable to VAT. Is it worth it?



Home, sweet home

IF YOU were to put yourself to the trouble of adding up the column of figures on the right, you would discover that the grand total was very little less than £8,500. That, give or take the odd appliance or tin of caviare, is roughly what it would cost you to replace the contents of the average, agreeable, three-bedroomed suburban home.

To replace them, that is, with their like—not the cutlery from Woolworths and the third hand easy chairs which is all you might be able to afford if you had to start from scratch, nor the extravaganzas from Heals or Habitat which you might choose if someone else's bank balance were there to take the strain. These are average prices for furniture and personal effects of a reasonable quality and quantity: the sort of prices you would probably have to pay if your home were gutted by fire or flood or other devastation.

Or maybe not: maybe you live in a completely different style. That's why we've left you a column empty, to make your own cursory valuation in a brief perambulation after breakfast. Almost certainly you'll find that on a replacement cost basis, the contents of your house are worth a lot more than you think.

This is what the insurance companies have been telling their customers, with increasing frequency, over recent months. And you don't want to wait until you have had a fire or a flood to take notice. If you have occasion to claim, you certainly won't get more than the sum insured—and that won't take you far, if your contents are a write-off and their replacement value has doubled in the period since you took out your contract.

Most people appreciate the value of index linking, but though the overall value of the sum insured may rise with an index linked contract, the insurance company will still take wear and tear into account. Since you will almost certainly want to replace goods that have been destroyed with something new, it makes sense to go for a replacement cost type of insurance—like that offered by Commercial Union at a cost roughly 50 per cent. higher than that for the conventional type.

One final word on cost. It is most definitely worth while to shop around.

COUNTING THE COST OF THE CONTENTS YOUR HOME

Hall, stairway and landing:	
Carpets	£200
Pictures, lamps, ornaments	£50
Curtains	£50
Sitting room:	
Sofa	£250
Two easy chairs	£200
Bookshelves/units	£300
Occasional tables, stools, lamps	£50
Curtains, carpets	£300
Books, pictures, plants, ornaments	£300
Colour television	£400
Stereo unit	£350
Dining room	
Table and chairs	£400
Sideboard/dresser	£150
Curtains, carpet	£200
Pictures, lamps	£50
Table linen, glass, cutlery	£200
Kitchen	
Kitchen units	£400
Carpet	£30
Washing machine	£150
Spin dryer	£70
Cooker	£150
Fridge	£70
Other kitchen equipment	£120
Crockery, pots, pans	£60
Implements	£ 20
Food and drink	£60
Bathroom	
Curtains and carpet	£100
Lamps and mirrors	£20
Laundry storage, contents of airing cupboard	£50
Bedroom 1	
Double bed	£230
Wardrobes, dressing tables	£400
Curtains and carpet	£250
Pictures, lamps, mirrors	£50
Bed linen and coverings	£70
Clothing, shoes for two adults	£900
Toiletries, cosmetics	£30
Bedroom 2	
Two single beds	£220
Wardrobes, working space, etc.	£350
Curtains and carpet	£150
Pictures and lamps	£30
Clothing, shoes for two children	£300
Games, toys, study materials	£50
Record player, radio	£50
Bedroom 3	
Couch	£90
Curtains and carpet	£100
Desks, files, typewriter	£150
Lamps, books	£50

Light from Solar

THE DEVELOPMENT of unit-linked life assurance, and the linking of regular savings for unit trusts with a life assurance contract, has meant that insurance brokers are now being approached by clients for investment advice. Many brokers have not been trained to give it, nor have they acquired much expertise.

The linked life companies and certain unit trust groups are endeavouring to meet brokers' requirements in this respect, by issuing regular guides to professional advisers in which they set out their current views on the investment situation, both in the UK and overseas. But Solar Life, the linked life arm of Sun Life Assurance, has joined the ranks of the select few groups that arrange for face-to-face meetings with such advisers.

One recent meeting was very instructive, not so much what the Solar investment manager had to say—though they are enthusiastic about investment abroad, particularly in the Far East—but for what the advisers themselves had to say afterwards.

From the gathering it was apparent that the advisers fall into two distinct groups. On one hand there are those who are primarily investment men, using life assurance as a useful vehicle of strategy for their clients. Their questions probed deeply into what Solar was doing, and which way it would be moving. The others were straightforward insurance brokers, to whom this area appeared to be very much unchartered waters. Many of them, when asked by clients whether to go for an equity, property or fixed-interest fund, really do not know which recommendation to make.

PROPERTY

The great Atlantic price divide

BY JOE RENNISON

TWO WELL-KNOWN American statesmen have just put luxury-class houses on the market. Former Vice-President Nelson Rockefeller is selling "The Anchorage" on Mount Desert Island, off the rocky coast of Maine, which overlooks the sea and offshore islands and yet is only 55 minutes by private jet from New York.

The Averel Harriman country retreat is set in 57 acres of grounds, of which seven acres are landscaped lawns and gardens, on the York Town Heights, Chester County, and it lies only 45 minutes by car from mid-town Manhattan.

"The Anchorage" was built in 1939 under Mr. Rockefeller's personal supervision; he paced off the grounds and instructed the architect as to which of all the magnificent surrounding views he wanted to enjoy from each room. As Edward Cave, Chairman of Sotheby Realty Corporation which is selling both properties, points out: "This house could not now be built in this splendid right-over-the-sea position as—quite apart from the astronomical costs—coastal zone regulations today forbid building closer than 75 feet from the water.

Of the 21 rooms of the house (including eight family bedrooms and seven staff rooms) the most dramatic is the fan-shaped double level living room, through the floor to ceiling windows of which there are fabulous sea views.

Outside the banquet-sized dining room a large deck is cantilevered high over the sea-swept rocks. The master bedroom suite also opens on to a large deck and a number of other bedrooms and guest rooms have either balconies or decks. From the circular observation tower there are lofty views of the two acres of landscaped grounds, the heated saltwater swimming pool and the magnificent New England seascape.

The ex-Vice-President has decided to sell the house because he can visit it so seldom. "He hasn't spent more than a weekend a year here for the last 20 years," explains Edward Cave, "but a staff of four caretakers have always kept the place in shape. The estates of members of the Ford family, and of other Rockefellers, are close to this million dollar house which now awaits another equally rich owner.

With the 15-room "Birchgrove," York Town Heights, New York, the buyer will get—in addition to a fine luxury 1957-built home in beautiful grounds—a heliport, croquet lawn, greenhouses, swimming pool with three-bedroomed guest house, and a 1971-built gardener's cottage which is both centrally heated and air conditioned.

In the two-storey grey painted clapboard "Birchgrove" the windows of the library, sun room and dining room look on to fascinating tree-top views and, on this upper floor too, are a master bedroom and the handsome "Governor's Wing" with its octagonal bed-sitting room, dressing room and bath en suite. In the lower storey are living rooms, card room, two guest suites and butler's bedroom and bath: above there is a well equipped kitchen, staff sitting room, sewing room and cook's bedroom with tiled bathroom. The whole house has oil-fired hot air heating and on the upper storey the windows of the main rooms are glazed with Thermopane.

"For $795,000 the buyer of Birchgrove will be able," comments Edward Cave, "to enjoy luxury country living and privacy and yet be only a 45-minute car drive from New York City."

Now these are very expensive houses. But when you consider that there are nearly $2 to the £, the prices for such sumptuous properties strike me as being quite modest, compared to what has been paid for similar stuff in this country over the past few years.

Or compare the cost with the following flats off Park Lane and a house in St. John's Wood.

If you have £950,000 ($1,719,500) to spare, a large penthouse in Old Park Lane with a swimming pool on the roof, six bedrooms, four bathrooms and four magnificent panelled reception rooms, is looking for a buyer.

Recently, the penthouse and five other apartments, which will be ready to occupy early in the New Year, came on to the market for the first time, and the agents claim they are among the most expensive flats in London, although not on pounds sterling per square foot.

Gloucester House, 149, Old Park Lane is an imposing, listed, neo-classical building, with a faience exterior, and was built in 1907. Until last summer when PL Properties purchased it, and began its conversion and modernisation, the six-floor building had lain vacant since 1969.

Each of the five apartments and penthouse with their beautifully proportioned panelled rooms, fine mouldings and cornices, occupy the entire length, 136 ft (41.85 metres) of a floor.

Each lease will run for 999 years. Owners of the apartments will have unrivalled views over Green Park, and those on the top floors will be able to see Hyde Park and glimpse Buckingham Palace Gardens.

The second floor show flat, 5,300 sq ft (500 sq metres) the first of the apartments to be converted by the architects, Blampied and Partners, is similar in size to the penthouse. The furnishings and colour schemes would delight any potential buyer whether he be a Prince, diplomat or international businessman. They were chosen by Zargon, the interior design firm. One hundred years old marble, engraved and polished, is used for the top of the dining table made by Ciocchetti, the Italian firm.

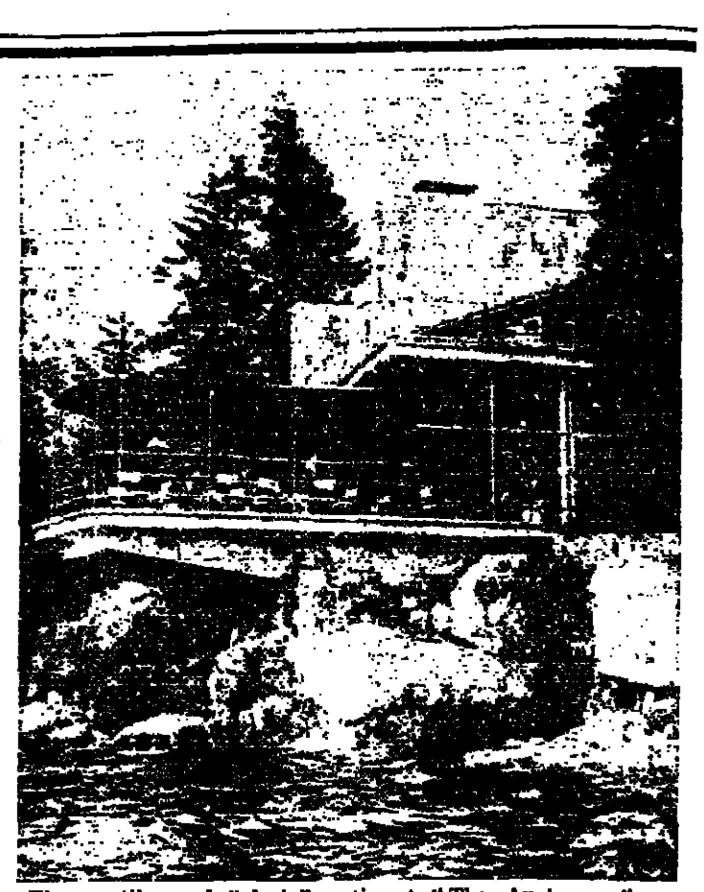
Much of the pannelling and many of the a friezes in this beautiful building are original. Although damaged, the builders have lovingly restored them to their former splendour. The show flat's drawing and family rooms which together measure 20 ft x 62 ft (6.1 metres x 18.9 metres) are painted in deep and pale buttermilk, with the friezes and motifs picked out in gold. The cinnamon silk velvet outer curtains are bordered with French braid. The inner curtains are of pale yellow Thai silk. The apartments are double glazed throughout, and each has an entirely new and independent hot water and central heating installation. Telex facilities will also be available.

Particular attention has been paid to the security of the building, and the developers are consulting with the Metropolitan Police on the latest protection measures. It is also planned that a day and night porter will confront all callers, and each apartment's individual front door can be screened by the occupant by means of a closed circuit television panel, mounted on an inside wall. One of the flats is under offer and another is subject to negotiation at present. Joint agents: Hampton and Sons, 6, Arlington Street, London, W1. Ayton Hooper, Albermarle House, Albemarle Street, W1.

Compare the size (and large grounds) and prices of those two American properties with what is being asked for what is a modest mansion in London's St. John's Wood. This area has recently seen some spectacular prices paid for its high-quality bricks and mortar. Brian Lack and Partners of St. John's Wood High Street are selling No. 48 Avenue Road, a substantial five-bed, five-bath period house with a 57-year lease to run.

The owner of this house is from Ireland and was planning to take up residence with his family in England. After a most extravagant refurbishment, he changed his mind about moving in and, unexpectedly, instructed the agents to sell the house as quickly as possible. Within 48 hours of receiving his formal instructions they had shown the house to a number of prospective English and overseas buyers and received an offer of £450,000. His immediate reaction to this was euphoric, but he declined to accept this offer and the agents are still offering the property. This sale will, undoubtedly, be used by market onlookers as a barometer for the state of the up-market property situation.

Although it is generally accepted that this end of the market has now gone rather flat, it seems that for the right product, there are still many potential buyers around. It is interesting to note that the expected Middle Eastern insurgance this summer to buy English homes, is not happening at the moment with anything like the expected volume of sales. With the religious festival of Ramadam for the whole month of August, it is going to be a very short selling season to this selection of buyers, if indeed, there is going to be one at all. However, it is now clearly apparent that the upper end of the market is not entirely supported by Middle Eastern purchasers and many English and European buyers are in the market for this type of housing. It remains to be seen whether this particular vendor's decision not to accept his first offer will be justified.



The cantilevered "deck" patio at "The Anchorage," on the Maine coast.

The south facade of "Birchgrove," Yorktown Heights, New York.

PROPERTY ESTATES AND FARMS: INVESTMENTS: SHOOTING: COUNTRY PROPERTY: OVERSEAS PROPERTY: LAND

SPORT

Putting for the Open

GOLF
BEN WRIGHT


Jack Nicklaus

THE OPEN CHAMPIONSHIP is similar to the other three major events in that it is so much more a test of character than any of the week-by-week tournaments played on either side of the Atlantic. But when it is played at St. Andrews, I believe that putting becomes more of a factor on the huge double greens than is this department of the game when it is staged at the other links currently on the rota. So current form is well worth examining, when one is looking for a short-list to provide a likely winner over the Old Course next week.

In 1970, for instance, few would have argued that the winner, Jack Nicklaus, after perhaps the most poignant of all finishes in the modern era, has been the best putter of this, if not all time. This statement might produce a storm of protest from those who can see no further than Bobby Locke or Bob Charles as the only two possible contenders for that title. But for me Nicklaus has holed more putts when he needs desperately to do so than anyone in my lifetime. Doug Sanders, Nicklaus's play-off victim at St. Andrews on that occasion, could never have been described as a classic striker of the ball with a swing so short that some wag was clever enough to say he could use it in a telephone booth without breaking the glass on either side.

South African Harold Henning, who finished tied for third place on that memorable occasion, alongside Lee Trevino, could arguably never have made a good living, had he not been such a fantastic putter. In all fairness, his swing was hardly a thing of beauty. Those who believe that major titles are lost rather than won would probably cite Trevino's performance that fateful Saturday as a case in point, as the overnight leader three-putted his way to despair and a score of 77, the worst round of any player in the top dozen.

The previous two St. Andrews winners, Peter Thompson (1955) and Locke (1957) were, like Nicklaus, capable of holing more putts when they were most needed than all of their contemporaries put together. When the immortal Sam Snead won there in 1946, he was not the tortured wreck on the greens who now, in his 67th year, still swings the club like poetry. in motion, but putts badly sidewinder style, like the local blacksmith. Tied for second place in Snead's championship far from coincidentally was Locke, who could not manage a place in the top ten in the two years that followed, before he recorded his first victory at Sandwich in 1949.

So what is the current form? I have been fortunate to have witnessed from a television tower Andy Bean's three victories in the past five weeks in Charlotte, Memphis, and Chicago. One could easily disparage the first two, in that they were recorded on dreadful golf courses that put a premium on length rather than finesse, as if they had been designed expressly with Bean in mind. But this charming, gentle giant won in Chicago at Butler National Golf Club on Monday, a course that is rated by many as the toughest in America. It is certainly the meanest, trickiest encountered on the professional tour. In between Memphis and the Western Open in Chicago, Bean finished only sixth in the U.S. Open on a Cherry Hills course whose par defied even the champion, Andy North, largely because Bean failed utterly to cope with either or both the waterstrewn 17th and 18th holes every day.

Bean combines awesome power and the magical touch around the greens with which so many huge men are blessed. Some might consider him a risky bet because of his lack of international travel experience. But now that the 25-year-old has tamed a once explosive, destructive temper, Bean is as unflappable as anyone in world class, which he has certainly proved himself recently to be.

Tom Watson finished alongside Bean in the U.S. Open and also tied for sixth place in defence of his Western Open title. While not quite at his best, that best is good enough to ensure a further worthy title defence at St Andrews. The only thing that disturbs me is Watson's new-found frailty, with short putts that were once a formality to him.

Trevino lost to a monstrous 40-foot putt at the first play-off hole in Memphis that Bean was intending only to "lag" close to the cup. He destroyed himself with a seven at the par four first hole in the final round of the U.S. Open, and finished joint twelfth. Trevino then tied for third in his defence of the Canadian Open title, largely because he took six at the fourteenth hole and still finished only two strokes adrift of winner, Bruce Lietzke. Three more points in the merry Mexican's favour are that he has learned—expressly in a bid to win the U.S. Masters title that so far alone of the big four eludes him—to move the ball from right to left, which is much more essential at St. Andrews than at Augusta.

For once—oh! the heresy—I see Nicklaus as a place bet. But if he is to win, another major title, St. Andrews might inspire him. Hale Irwin, tied for fourth in both the U.S. and Western Opens, appears to be another good each-way bet, as does Ray Floyd, seventh in our Colgate PGA, 12th in Denver, and fifth in Toronto. Gary Player is someone to whom form does not apply, since, in his case, it is all in the mind. My last two names are British, Brian Barnes and Nick Faldo, but more in forlorn hope than realistic conviction.

A win against the odds

TENNIS
JOHN BARRETT

WIMBLEDON HAS a brand new and worthy women's champion. Against the odds, against the seedings and against a 2—4 deficit in the third set Martina Navratilova, the 21 year old Czech exile — "the girl from nowhere" — battled magnificently to defeat Chris Evert twice the previous winner of the title 2—6, 6—4, 7—5 in one hour 42 minutes.

She takes home to her Dallas residence the first prize of £17,500 but she takes with her too the knowledge that she now deservedly ranks with Miss Evert herself at the very pinnacle of the women's game. She had beaten the 23 year old American in another marvellous three-setter when they last met 13 days previously in the Colgate International final at Eastbourne but Miss Evert held an impressive 20—5 lead in their career records.

After serving badly and going through the first set in what she later described as "a kind of daze" Miss Navratilova pulled her game together and held her notorious temperament on a tight rein. She also endeared herself to the crowd with her sporting gestures, once overruling a linesman who had called out her opponent's shot.

"It is very difficult to beat Chris twice in a row," she said afterwards. "But I believed in myself throughout the match. I was a notch better in the closing stages which is the only thing that matters. I was able to raise the level of my game. Chris got worse, she kind of faltered away."

Miss Navratilova's hopes of getting her hands on the golden salver which the women's champion traditionally thrusts aloft in triumph seemed remote in the first set, which she lost in 26 minutes as Miss Evert submitted her weaker backhand to unremitting pressure.

Miss Navratilova had broken through in the first game after an opening rally which went to 14 strokes, but the succeeding exchanges were a good deal quicker and shorter as the American broke back at once and then captured the Czech girl's service again in the sixth game.

Once more in the second set Martina broke Evert's serve in the opening game only to be broken in turn. By now however she was getting more of her first serves into court and she coolly overcame that horrendous tennis rarity, an air shot, when she leapt to put away a smash in the swirling wind.

Miss Evert was again broken and though she allowed no further liberties with her serve for the rest of that set she could not force the breakthrough she needed to get on terms, though she was stretching Martina with some devastating drop shots. The Czech had to save three break points to protect her 3—2 lead but when the girls had been in action for a shade over an hour it was set-all and once again everything to play for.

Maintaining the sequence Martina broke serve in the first game of that final set but did not have long to relish her lead. Miss Evert finally capitalised on her third break point to pull level at 2—2 by courtesy of two badly bungled Navratilova overheads. Bigger disaster was to follow but this time Miss Navratilova could not blame herself. She was broken by two stunning service returns and an unreachable cross court backhand.

The true champions are those who can come back from such depths and Martina proved such a champion, taking the next two games as Miss Evert's play began to lose its accuracy and zest. She came within a point of snatching a 5—4 lead before Miss Evert rallied but at that changeover Miss Evert buried her face in her towel for almost a minute contemplating the task facing her.

Seizing her chance Martina served out to love to make it 5—5, snatched the American's serve thanks to three forehand errors and another on the backhand and when she served for the match in the next game she was just as dominant, ending it with a firm backhand volley.

The new women's doubles are Australians Kerry Reid and Wendy Turnbull, who had not reached a Wimbledon final before. They recovered from a nervous start and survived two match points in the second-set tie-break, before winning 4—6, 9—8, 6—3 against Mima Jausovec (Yugoslavia) and her Romanian partner, Virginia Ruzici, who are holders of the German, Italian and French doubles titles.

Racing around Britain

YACHTING
DAVID PALMER

AT 11 am this morning 74 ocean going yachts will set out from Plymouth to race round the British Isles. Every yacht will be crewed by just two people. Ahead of them will be nearly 2,000 miles of uncertain weather, cold water and physical strain, in the tiny enclosed space of a racing yacht.

The fourth Observer/Royal Western Round Britain Race will be under way. Across the starting line will go 53 monohulls, 15 trimarans, five catamarans and a proa (a two hulled yacht that moves in both directions). The smallest boat in the race is just 24 ft long, the largest is over 70 ft. Three of the trimarans and one of the catamarans are all in the giant size of this kind of boat, over 50 ft long, and capable of speeds of over 25 knots. Among the baby trimarans are boats that look like little more than racing dinghies with a couple of floats attached.

The Round Britain Race, and its half brother the single-handed Transatlantic Race, are now among the world's classics. But they are ocean races with a huge difference. Traditional ocean racing has in recent years become increasingly sterile. Boats are built to a formula called a rating rule. They all tend to be the same sort of shape, they all cost very large sums of money, and when they have finished their racing careers, they have as much second-hand value as an out-of-date Formula One racing car.

The joy of the Royal Western's races is that there are no rules. Almost every conceivable shape of boat known to man is entered.

This particular race provides a special test all of its own. For up to a month, two people, including a few brave married couples, will be facing the rigours of long distance racing in the confines of a small boat. In two of the three previous Round Britains, crews have fallen out so badly that the skipper has put his crew ashore and continued on his own (thereby disqualifying himself). By the time the race reaches Barra, you can quickly see how well the crews are getting on. Those under strain split up and spend their 48 hours pointedly apart. Those getting on well dive into the nearest warm bar together.

The spirit of this race, and the wide variety of challenges it offers, attracts an enormous diversity of entrants, whose sole common characteristic is a love of sailing at sea. This year's entry includes a police sergeant from Exeter, Britain's Ambassador to Washington—"I'm doing it for spiritual and intellectual renewal," says Peter Jay—and a 23-year-old girl who has already crossed the Atlantic twice, and whose boss has told her she is fired if she is not back in three weeks (she won't be).

So who will win? There will be four separate races going on within the 74-boat fleet. Here is a brief guide to form.

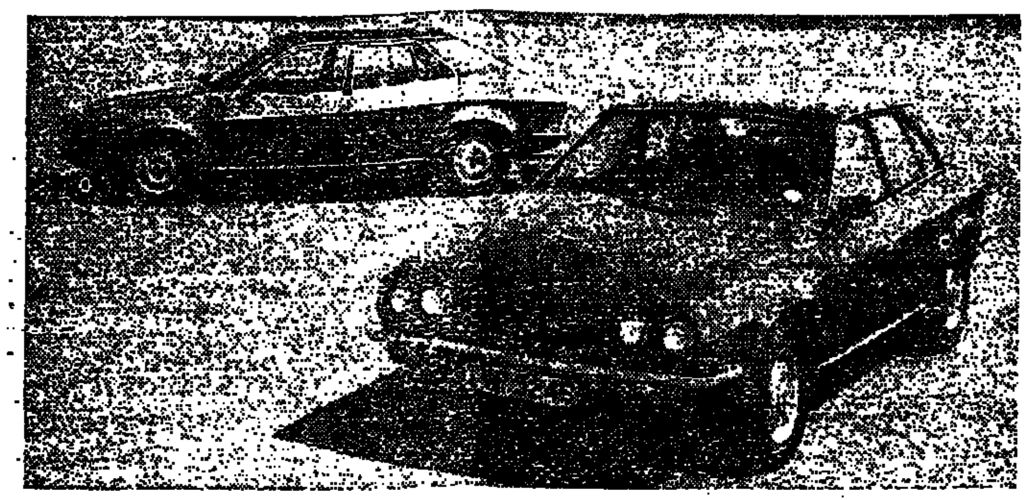
First multihull to cross the line: The race here will be between Rogue Wave, at 60 ft the largest multihull in the race, owned by a retired American newspaper publisher Phil Weld; Three Legs of Mann, a 53-ft trimaran owned by Nick Keig; and Great Britain IV another 53-ft trimaran sailed by Chay Blyth.

First monohull: Robin Knox-Johnston will be trying to manage the huge Great Britain II. Knox-Johnston has won the last two Round Britains and is the most experienced seaman in the race. But GB II is a vast hulk to manage and will not enjoy light weather.

Under 35 feet multihulls: A Cappella designed and built by American boat builder Wally Greene, to win from Jan of Santa Cruz, one of the little Newick-designed trimarans which did so well in the last Atlantic race.

Under 35 feet monohulls: A close call between Fred Dovaston in Kurrewa and Beat Guettinger in Petit Suisse. Both skippers were among the crew of ADC Accutrac in the last Whitbread race.

MOTORING



An improved Princess

BY STUART MARSHALL

BUSINESS EXECUTIVES and family motorists looking for a high specification car at a sensible price. These are the buyers BL Cars have in mind for the Princess 2, launched earlier this week.

Will their hopes be fulfilled—or dashed? At the moment, it is an open question, though there is no denying that the pricing of the new car is keen.

The 2000HL with power-assisted steering I have been driving for the past week costs £4,287. Three comparable imports are all dearer. The Audi Avant hatchback has a smaller engine and no power steering but costs £4,995. The Renault 20TS, also a hatchback, has power steering and costs £4,960, which includes electric windows and centralised locking. And the price of a Saab 99GL four-door without power steering is £4,575.

Even more important to most people than initial cost is reliability and the first Princess earned an indifferent reputation. BL Cars admit this but say they have been through the car with a fine-tooth comb. With the bugs removed, the Princess 2 is a better quality car that should serve its owner more reliably.

A few days test driving is no substitute for a year of ownership. It will be many months before one knows if BL Cars' confidence that they have sorted out the Princess's problems is justified.

The main difference between the original Princess of 1975 and the new one is a change of engine. The old 1.8 litre long stroke, overhead valve four cylinder inherited from the Austin-Morris 1800 has been laid to rest and replaced by an overhead camshaft, short-stroke four cylinder of modern design. It comes in two sizes, 1.7 and 2 litres. The Princess 2200 continues to have the six-cylinder overhead camshaft engine based on the Austin Maxi's four cylinder.

The other changes are in the main cosmetic though detailed modifications make servicing simpler and the Princess 2 has a Triplex Ten Twenty Super Laminated safety glass windscreen, like the new Rovers.

Compared with the old 1.8 litre engine, the new 2-litre produces 12 per cent more power (93 bhp against 82) and it shows in both faster standing-start acceleration and ease of overtaking. In second and third gears 50 mph and 70mph are routinely usable if you are hurrying. At 70 mph on the motorway the Princess 2 is pleasantly quiet but my car had a disagreeable exhaust resonance at 75-80 mph that would have made a long *autoroute* journey less than relaxing.

Fuel consumption is better. The 200HL will show the driver who thinks speed limits are there to be observed, not broken, a little over 30 mpg in average use, compared with the 1800's 29-30 mpg.

Nice though it is to have a new engine, what the Princess really wants is a better transmission. I did quite a lot of driving in town where the gritty gearshift and difficulty of engaging first gear at a standstill soon became irritating. In slow moving traffic, the noise from the gearbox and final drive as the engine alternately pulled and was overrun might have been acceptable in an old car but was unforgiveable in a new one.

It gives me no pleasure to say so, but I think any Audi, Renault 20TS or Saab 99 owner tempted to have a Princess as his next car would have turned it down for transmission roughness alone.

The ride is good (though no better than the Renault's) and the steel belted tyres now used instead of the textile belted kind do not thump over cat's eyes or drain covers.

Inside, the Princess is most attractive. The carpet, cloth upholstery, plastic fascia and headlining of my test car were all carefully colour matched.

Child safety

A restraint system for children too old for strapping into car safety seats but too young for grown-up seat belts is being introduced by Britax, just in time for those long holiday journeys. Playsafe is a cunningly shaped slab of expanded polystyrene that fits over the legs of 4-10 year-olds and allows them to be safely anchored by a normal rear seat lap strap. Playsafe has sold in France and Germany for some time, where it has won the approval of consumer organisations. From Boots, Halfords, Woolworths and motor accessory shops in a few days time, it will cost from £14, complete with lap strap and fitting kit. It takes between 30 minutes and an hour to fix into the car and is, of course, BSI approved.

The iron road to the West

THERE IS only one way to arrive in Dodge City—at dawn on the Atchison, Topeka and Santa Fe railroad from Chicago, looking for action. But there is not much call for deputies nowadays, and the drive-in bank, on Gunsmoke Avenue not far from Wyatt Earp Boulevard, looked as secure as any in the City of London, if not more so. The only lawman in sight resembled a young Bob Hope rather than Bat Masterson, or Henry Fonda, and was talking about alfalfa prices. Still, the skilful re-creation of the old 1870s Front Street was enough to sustain many Wild West fantasies and create a taste for more of the same—which I satisfied during a coast-to-coast journey in May across the U.S. by train.

Travelling by train over long distances in the U.S. was regarded as eccentric by American friends—rather in the "mad dogs and Englishmen" class. But the 3,500-mile trip undoubtedly provided the best chance of understanding, and accepting, all the familiar claims about both the vastness and internal contrasts of the U.S.

My east-west trip was spread over about 10 days, out of a three-week holiday. It was in four main stages—starting from New York, up via New Haven to Boston; then across south of the Great Lakes to Chicago; down into the Kansas prairies at Dodge; finally, from Denver up to Cheyenne and Laramie and across via Reno to Oakland and San Francisco. The train names themselves have a romantic redolence absent from British inter-city—"The Patriot," "The Lake Shore Limited," "The San Francisco Zephyr," and "The Southwest Limited."

This may read like a parody of Tom Stoppard's brilliant New-Found-Land interlude in his play "Dirty Linen" with its breathless monologue about a train journey across the U.S. . . ." the mournful howl of the Silver Chief. . . surging through the night." But it is only by the almost naive suspension of European sophistication—Henry James in reverse—that the full benefits of such a trip can be appreciated.

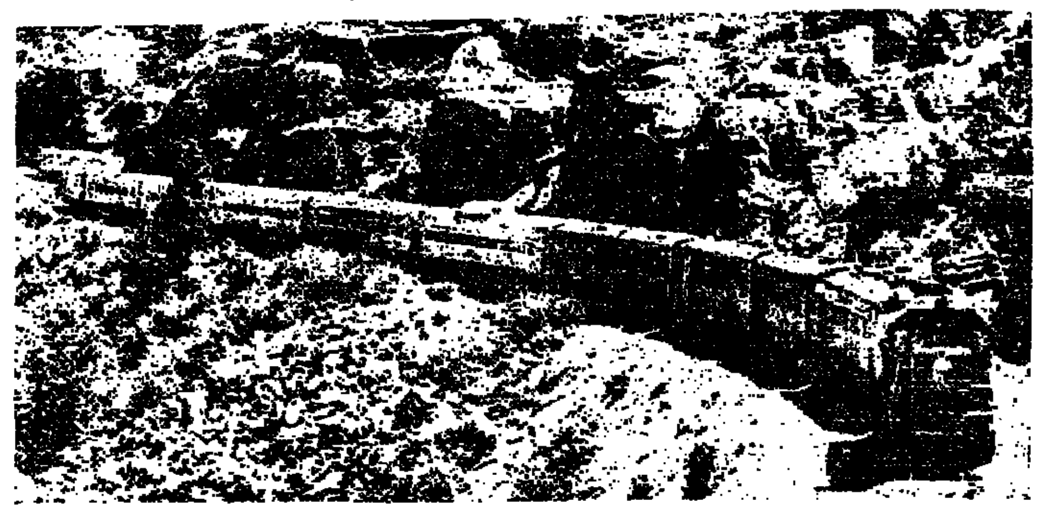
Beforehand, I had deliberately decided only on an outline route, sorting out the detailed bookings as I went along. My faith in the U.S. travel industry was justified and I had practically no problems finding a room, enabling me to follow whatever whims I liked.

So after my day's visit to Dodge had awakened a previously dormant interest in the Wild West, I went on to explore some of the old gold and silver mining ghost towns in the foothills of the Rockies in Colorado. After finally abandoning train for plane in California—because of a shortage of time—I flew down to Tuscon in Arizona and then by road to Tombstone, "the town too tough to die" near the Mexican border.

In contrast to Dodge, which is a thriving small wheat and cattle town, Tombstone exists only as a museum and tourist spot in the middle of the desert—a few streets almost exactly as they were in the heydays of the 1880s mining boom. There is the old Birdcage Theatre with its unrestored tatty interior: this was the haunt of the Earp brothers and Doc Holliday and its revelry allegedly inspired the song "She was only a bird in a gilded-cage." But above all there are the sites of the OK Corral, where the famous 30-second gun fight took place just off the main street, and of Boot Hill outside town with its mordant epitaphs over the graves: "Here lies Lester Moore, four slugs from a 44. No Les, no more."

The history of these towns is no less bizarre than the cinema versions: a brief period of wealth, hell-raising and violence was followed by the arrival of law and order and respectability; then with the appearance of the western movie there was the realisation of the commercial possibilities.

But apart from the Wild West, my holiday "took in" a lot else—from a Boston Pops concert to baseball as well as the eccentricities of California, such as a large hoarding on Wilshire Boulevard in Los Angeles, proclaiming "I priced other mortuaries, then chose Forest Lawn"—shades of Evelyn Waugh's satire of this mortuary in "The Loved One."



Amtrak's San Francisco Zephyr snaking through the Emigrant Gap between Reno and Sacramento.

TRAVEL

PETER RIDDELL

A train trip was undoubtedly an attractive way of seeing all this without indigestion, since the lengthy journeys—24 hours to Chicago and 31 hours from Denver to Oakland—provided a peaceful respite. This avoided the tiredness of driving such long distances and the strain and repetition of constant plane flights. There was also time to wander round some of the places where the train made 30 or 40-minute stops.

The transcontinental services are operated by the nationalised Amtrak company and the trains were, on the whole, extremely comfortable. The coach sections have seats like those in first class carriages in Britain. For overnight trips I travelled in "roomettes," or small single-berth sleeping compartments with reclining chairs convertible into beds and a lavatory and basin. These facilities banished much of the seediness of long-distance travel and I could relax easily, apart from one night when my berth was over the wheels.

The food was reasonable in quality, even if somewhat restricted in range, while the train attendants were almost invariably very helpful. There was always the opportunity to chat in the lounge cars which have a bar, easy chairs and a piano, though there were no great undiscovered musicians on my journeys. The trains west of Chicago often have a domed observation car which offers a good view and variety, though it could be rather hot. But the trains were frequently very slow, often barely 50 or 60 miles an hour because of the poor track, and the services were up to an hour or two late arriving.

Moreover, the railroad is not necessarily the cheapest method of travel in the U.S. nowadays. Greyhound or Continental Trailways buses and overnight or 30 day in advance air fares can often cost less than a long-distance train journey. For example, a roomette from Chicago to San Francisco costs about £110, which is £35 more than an overnight flight. But Amtrak does offer a U.S.A. Rail Pass for about £100 for 14 days and roughly £135 for 21 days. This permits unlimited travel in ordinary coach sections and it is possible to upgrade to roomettes or sleeping cars.

But cars and planes seem to have the pull since none of the trains I was on were much more than a third full, though they may be more crowded later in the summer. There were few tourists and most of the passengers were either in their 20s or retired. As a result of the losses on these services, proposals have been put forward, though not yet approved, for the eventual pruning of the system—cutting out, for example, the Denver to Oakland section. This has the rolling cowboy country of southern Wyoming and the beautiful mountains and winding track of the Sierra Nevada in California. It may only be a once in a lifetime journey, but "Go West, Young Man," while you can.

Your weekend £: Austria 27.25, Belgium 60.25, France 8.22, Italy 1.545, Greece 69.75, Spain 142.5, Switzerland 3.37, U.S. 1.865. Source: Thomas Cook.

Around the islands

THE THROB of a steel band out on deck beneath the Caribbean stars, the tangy scent of a barbecue, twinkling lights along the waterfront, the clink of ice in after-dinner drinks and soft, balmy night air, a million miles metaphorically from winter Britain. True—or simply some publicist's romantic nonsense? We agreed that it qualified quite legitimately as both.

Later, at 1 am, we slid out of harbour, our 23,500 tons of sleek ship looming over the little pilot boats as we nosed past the curved gables of this unmistakably Dutch corner of the world. It was Curacao, one of nine ports of call on Holland America's 14-day *Veendam* cruise out of Miami, once a fortnight throughout last winter.

Until this cruise, I had not fully realised how much these islands still reflect the past juggling of European power politics and culture, superimposed on that of the Caribs and the poor, gentle Arawaks they had already extinguished. And African influence — of course, though that, too, is unlikely to have come without the shaming facts of the slave trade.

To this cultural mix, Holland America have added a transient extra, for their ships are manned by Dutch and Greek officers, but a predominantly Indonesian crew. Their cheeriness amply makes up for the occasional lack of polish.

Life on board was exceedingly pleasant. You could eat—and eat well—pretty well the clock round, as I fear some people did. Certainly you could fill every second of your waking hours: keep fit, dancing and handicrafts classes, shore excursion, talks and advice, deck sports, bingo, bridge lectures, golf driving; and in the evenings, the cocktail hour, two sittings for dinner, two floor shows or a film or a choice of late night bars or some gala night activity. Some of us preferred to concentrate on the three "r"s of cruising: reading, writing and relaxation. Rows of bodies cooked gently—sometimes not so gently—in the Caribbean sun. Except for an occasional swell and high winds off the South American coast, the weather was idyllic.

For me the cruise also introduced a new phenomenon: how a British accent can win instant friends and acquaintances. As one of the few Europeans and even rarer Britons on board, it was quite remarkable the number of times I was accosted by total strangers who had "heard my accent" (and it would have been too churlish to argue *that* point), all dying to know if I were familiar with their particularly favourite corner of Britain. Most were U.S. citizens, with a substantial minority of Canadians, four of whom shared by table most enjoyably.

It certainly was a change and had only one drawback. A high proportion of Americans seem to travel for one reason: to shop. Thus, an inordinate amount of organised shore-excursion time was devoted to the acquisition of the most extraordinary collection of useless objects, while historical monuments were given short shrift. Rather late in the cruise, I bemoaned the fact to the Shore Excursion office on board, who assured me that, providing passengers stated their preferences in advance, small parties of non-shoppers could be arranged. It it worth knowing.

Our ports of call were Haiti, Jamaica, Cartagena (Colombia), Curacao, Aruba, La Guaira for Caracas (Venezuela), Grenada, Martinique and St. Thomas. We had to miss Jamaica because of a heavy swell, but otherwise optional organised excursions ranged from two- or three-hours tours for $9-15 to a full day for $26 including lunch.

However brief the visit, each contributed to a vivid jigsaw of memories. Haiti was poor but colourful, with Port-au-Prince's tumultuous Iron Market leaving probably the most lasting impression. Wide beaches and weird rock formations characterised windswept Aruba. Curacao spelt huge oil refineries and Dutch quaintness, and here I skipped the shore excursion for the delight of pottering through its narrow streets. Spicey Grenada had a marvellous lushness in which it was strange suddenly to be driving on the left again.

Martinique was unmistakably French, famed for Napoleon's Josephine and the eruption of Mount Pelee that engulfed the now-rebuilt town of St. Pierre. St. Thomas was *the* place for duty-free bargains, and for the beaches of blessedly undeveloped neighbouring St. John.

These U.S. Virgin Islands were bought by the Americans from the Danes in 1917 and still show signs of their past ownership. But for sheer impact, the frustratingly brief visits to Cartagena and Caracas topped my list. In both cases, the old districts are superb in their Spanishness, and Cartagena's ancient fortifications that so roundly withstood the British in 1741, and the mountainous setting of Caracas and its ports of La Guaira left deep impressions.

For the coming winter season, some of the *Veendam's* ports of call are changing, though the variety is similar: Haiti, St. Croix, St. Maarten, St. Lucia, Aruba, La Guaira Grenada, Martinique and St. Thomas. Prices for the 14-day cruise (16 days ex-UK) are £759-£1,780 (average £850-£950) according to cabin, including return flight London-Miami by National Airlines and a night in Miami. Seven-day cruises either by the *Veendam*, or sistership *Volendam*, or 9-11 day cruises by the *Statendam* are also available with a slightly different mixture of ports of call.

Further information: Holland America Cruises, 56, Haymarket, London SW1Y 4RZ. Other Caribbean cruise operators include: Cunard, 8, Berkeley Street, London W1X 6NR; Norwegian America Line, 11, Quadrant Arcade, Regent Street, London W1R 6EJ; Norwegian Caribbean Lines, 63, Grosvenor Street, London W1X 9HU; P & O Cruises, Beaufort House, St. Botolph Street, London EC3A 7DX.

SYLVIE NICKELS

The first flush is over

FEW PLANTS grow steadily from spring until late autumn and, in particular, both trees and shrubs have marked periods of rapid growth followed by relative inactivity. For many, including most tree and bush fruits but not cane fruits, that period is now over or rapidly coming to a close. If the weather in August and September should be both warm and wet there may be renewed growth then, but this is by no means always so desirable as it might seem. Late growth is likely to be only semi-mature (ripened would be the gardener's term) by November and, in this condition, it is more likely to be damaged by wet and cold weather during the winter.

All this can have a considerable bearing on the feeding and pruning of plants. Whereas in the vegetable garden one may well be using liquid feeds or small quantities of sulphate of ammonia or nitrate of soda to squeeze a few more weeks of growth out of many late summer crops, in the fruit garden feeding should now cease or at most be confined to sulphate of potash or wood ashes, both of which assist the process of ripening. Even with lawns there will soon be need for care. Feeding with high nitrogen fertiliser can continue for a few more weeks provided there is sufficient rainfall or adequate facilities for watering to ensure that it is all dissolved and used up, but certainly by mid-August this kind of feeding *for growth* and green colour must cease.

After that any further fertiliser should be mainly phosphatic and potassic to check growth and toughen the turf in readiness for the winter. Special autumn lawn feeds correctly blended and ready for use are prepared by several of the big chemical fertiliser manufacturers and should be used in moderate quantity according to maker's instructions and not an ounce more.

GARDENING

ARTHUR HELLYER

In many places this is about the right time to commence the summer pruning of apples, pears, sweet cherries, red and white currants and gooseberries, particularly if they are trained against walls or on wire espaliers where it is essential to keep trees and bushes to artificial shapes and usually well below natural size. One can take advantage of the summer lull to remove a lot of superfluous growth without immediately encouraging a lot of new growth which is so often the result of pruning. It is a matter of rather nice timing determined by the state of growth rather than by the calendar, since these things vary according to district and local weather.

The right moment is when the new side shoots, which have been lengthening since May or even earlier, cease to look soft and more or less green and begin to get brown and quite firm, particularly at the base. That is the signal to get busy with the secateurs, cutting back most of these side shoots to 7 or 8 cms, or four well-developed leaves from the base if you prefer to calculate that way. To cut much harder than that, in the French Loretta manner, requires a lot more accuracy in timing and, if mistimed, can easily lead to a lot of late growth. Lighter pruning is less effective in strengthening and ripening the lower buds many of which, one hopes, will fatten into fruit buds the following year.

Many spring and early summer shrubs can be pruned now, especially if it is necessary to restrict their size. Almost all of these flower most freely on, or from, stems made the previous year. So it is the new growth that is all important and must be retained and the older growth, including stems that have just borne flowers, that can be removed completely.

The present lull in growth also makes this a good and economical time to trim evergreen hedges and topiary specimens. If they are clipped now they are unlikely to make a great deal of further growth and it may well be that no more grooming will be required until next year.

Roses can be pruned in July-August because they flower mainly on new growth and the production of this will be encouraged if it has not got to compete with old stems carrying faded flowers and maybe hips as well, which are very hungry things. Most species, as well as old-fashioned roses and ramblers, flower only once each year and the old flowering stems can be cut out as soon as they cease to be decorative, unless they are being cultivated for hips as well as blooms.

Modern bedding roses flower in successive flushes as rapidly as new growth can be produced and this can be hastened quite a lot of cutting out the fadad flowers with some stem, certainly enough to get back to a good growth bud but better still to a young shoot, if one has already started to grow. Roses, perhaps more than any other plant, repay generous feeding continued well into August.

Two other kinds of pruning which should be carried out now, are the removal of unwanted suckers and of all shoots appearing on the main stems of standard trees.

HOW TO SPEND IT

by Lucia van der Post

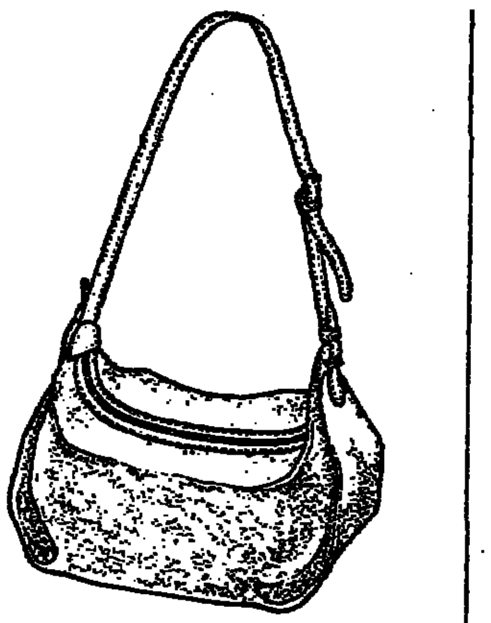
On the tote

ANYBODY who knows me well, knows that I'm not often to be seen unencumbered with a plastic carrier bag, more or less squalid depending upon how long I've had it. Travelling to and from anywhere I am always afflicted with a fear that I may be stuck without something to read (this seems to run in the family and we all go on holiday with about two garments and 20 books apiece) and so I go about with mounds of reading matter, letters to be answered, bills to be paid and all the other paraphernalia from which I seem unable to separate myself.

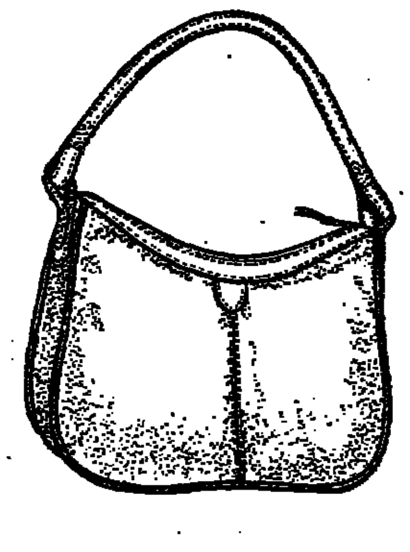
I have observed that the problem is not uncommon. The streets are all awash with plastic-bag carrying women (the odd man so encumbered looks distinctly out of place) and though occasionally the objects to be carried really need a plastic bag (for example, wet fish, soggy lunches, etc.), usually a big carry-all of some fabric or natural material like leather would look not only much more chic but would be sturdier as well.

So this week I've been looking at the sort of carry-all which might solve the problem but would look a lot more attractive in the process. We have discovered some really beautiful bags at prices starting at about £7.95 (if anybody is reluctant to pay that, then I suggest one of those finely-made baskets from the East which are very pretty indeed) and going up to luxurious leather models at £53.00.

I haven't quite decided which model to buy for myself, but almost all of them solve the practical side of the dilemma—the amount I'm willing to pay will in the end be the crucial factor. Besides solving my own problem, most of these bags would be the perfect travelling accompaniment—most of them would hold all those essentials, like toothbrush, toiletries, paperback, change of underwear, from which I now refuse to be parted lest my luggage fails to follow the same route as I do.



Very luxurious, very chic holdall, described as a "parachute" bag and made from softest unlined cowhide. I liked it best in donkey brown (this is the most practical colour since the essence of these bags is that they should travel well), but it's also available in tan, chestnut or honey. It can be worn in the way it is drawn but to allow more space the two sides unbuckle to let the sides down and form a large square bag. It is 17½ inches wide. It costs £53 and is made by Mulberry Bags. Find it in The Mulberry Shop (in the basement of Jap) of 14 South Molton Street, London W1.



Lovely, soft, pale boat-shaped leather bag, lined with corduroy. It only comes in pale beige, so this bag would require slightly more care when in use than some of the others. It is vary capacious: you could fit masses of paperbacks, newspapers, cheque-books and even a sponge-bag for an overnight stay inside it as well. It measures 17 inches at its widest point but is also quite deep: 11½ inches deep at the narrowest point. It seems to me exceptional value at £28.50 (80p p+p) as for your money you do get an awful lot of leather and it looks so good. Available from Harvey Nichols, Knightsbridge, London SW1.

Mulberry Bags, you may have noticed, is one of the most up-to-date of modern baggage companies. It was one of the first to provide those lovely quilted satchel bags and it came up with some of the most desirable carry-alls. Mulberry Bags describes this bag as a "drop" bag and it is made of natural herringbone canvas trimmed with tan saddle leather. There is an optional shoulder strap, which is detachable. It is very capacious—more than large enough to cope with an overnight stay anywhere. To give you some idea of size, it is 18 inches deep by 19 inches wide. A good selection of Mulberry bags can be found at Marcus Price of Newcastle, Lucinda Byre of Liverpool, Penny Lee of Wilmslow and Jigsaw of Grimsby. In London, this carry-all can be found at Henry's of 185 Brompton Road, SW3, and 149 New Bond Street, W1. It costs £49.95.

This is perhaps the least capacious of all the bags we saw, but it does have a lovely, smart summery look to it, since it is made of cheerful red straw (though you could also buy it in black or rust). Trimmed with fabric, it has three different compartments and measures 18 inches across, 14 inches deep. £10.50 (55p p+p) from Harrods of Knightsbridge, London W1.

This barrel-shaped Italian bag has a slightly different character from all the others: it is made from floral printed canvas so it looks feminine and summery. The print, in apricot/pink/green on cream, is ravishingly pretty. It, too, could double as an overnight bag. It measures 16 inches wide, 13 inches high and 9½ inches from front to back. The canvas is trimmed with light tan leather. £39.50 (80p p+p) from Harvey Nichols of Knightsbridge.

Another hugely spacious bag. This has a rather young and informal air about it, an atmosphere of casual elégance that I particularly like. It would be a wonderful present for a young girl who has to travel a lot and certainly has more than enough space for a weekend away—some might even be able to use it for a week away. In cream pure cotton canvas, it is made exactly like a rucksack, except that it is much more finely finished. It has shoulder straps which can be used or detached at will. Without the shoulder straps you carry it by its handle. Besides cream, it comes in khaki, beige and denim/sky blue. £32.95 (80p p+p), from Harvey Nichols of Knightsbridge.

Drawings by Ian Wheeler.

This is one of the most capacious and most striking of all the large bags we saw and it is also the least expensive. It can be bought in a crochet cotton as well (plain colours like black, cream, brown, red or maroon for £7.95, 50p p+p). The bag in our photograph is made from a very striking quilted Eastern style cotton print—it is particularly nice in rust, black and beige, but it also comes in reddish-blue prints. The handles are made of cane and the bag costs £8.95 (50p p+p). It can be bought from all branches of Monsoon—there are branches at 53 Beauchamp Place, London SW3 (the address for orders by mail) as well as Fulham Road, South Molton Street, Thackeray Street, Kensington Square W8, Hampstead, Kensington Church Street, Oxford, Guildford and Salisbury.

Clothes from the Wallis Autumn Collection, in the shops in August.

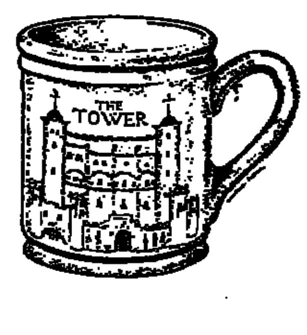
Pictures by Trevor Humphries

Remember, remember

SOUVENIRS have long been the bane of most shoppers' lives. Trying to find something that combines being a happy reminder of places visited, with a degree of charm, usefulness and a sense of value for money seems an almost impossible task. The National Trust has done a great deal in this direction in that there seems to be some firm, guiding hand behind all it does and almost everything on sale at National Trust properties really does seem appropriate, useful and fairly priced.

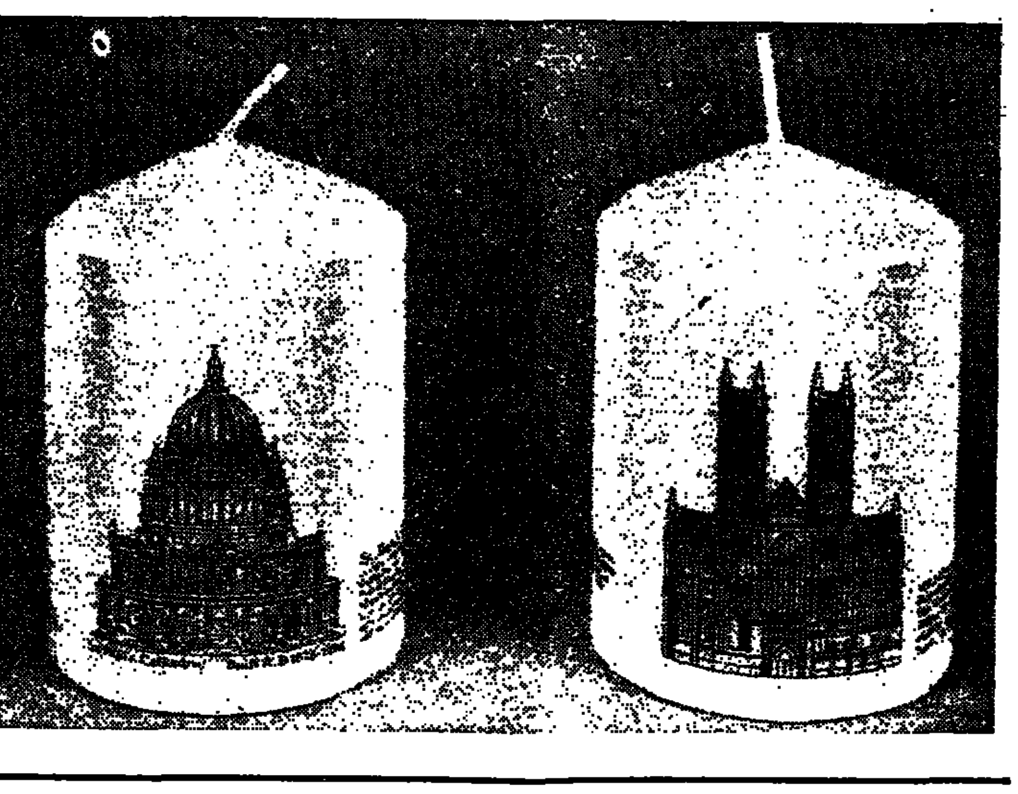
The Design Centre has done a lot to improve the standard by its (almost) annual exhibition devoted to the best of souvenirs — it started several years ago with a small selection but the exhibition has become bigger and better with time. This year there will not be an exhibition as so much was done last year for the Jubilee. For those who want to find some attractive small presents to remind foreign friends and visitors of Britain, here are just a few of some the best I could find.

ABOVE: Rosecraddoc Pottery in Liskeard, Cornwall, has produced a simple, inexpensive, very traditional-looking butterdish which seems to me to make an excellent souvenir. The simple round clay-coloured pots have glazed linings; the lids are just of clay. There is a range of traditional butter-mould patterns on the lids—thistle, wheatsheaf and so on—and the butterdishes come in three sizes, just over two inches, just over three inches, and nearly four inches in diameter. The smallest size is £1.20 (p+p 35p), the middle £1.70 (p+p 50p) and the largest is £1.80 (60p p+p). All from Peter Knight of Esher, Surrey, or Beaconsfield, Bucks (that is the address).



ABOVE: Although this year happens to be the 900th anniversary of the Tower of London, this mug which features the tower, would make a splendid present for a child or foreign visitor at any time. Just one of Denby Tableware's series of stoneware mugs featuring historic buildings (the others show Hampton Court, St. Paul's Cathedral and Horse Guards). The buildings are illustrated in pen and ink and each mug costs £2.45 from major department stores and china shops, including Lawleys of Regent Street.

BOTTOM: These candles are some of the most attractive I've ever seen. The candles themselves are made from high-quality paraffin wax, smoke-free and with a wick you don't have to trim, and they are embellished with very fine black and white drawings of historical buildings, together with a small summing-up of the building's history. The boxes are white and, for easy identification, carry a black and white line drawing of the building featured on the candle. The buildings to choose from are St. Paul's, Tower Bridge, Tower of London or the Houses of Parliament. Each candle has about 50 hours of burning time and is 4 inches high. £2.50 each (p+p 48p) from Peter Knight of Esher, Surrey, or Beaconsfield, Bucks.



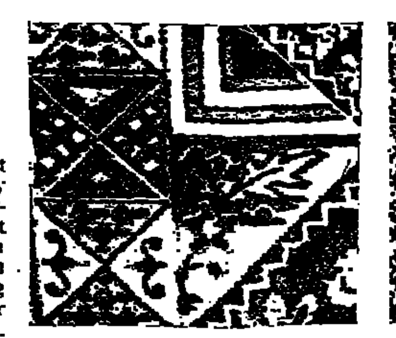
Fabric fever

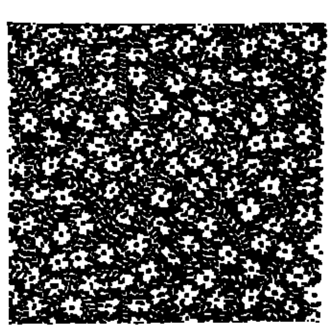
LAST week I pointed out that for those who need some holiday clothes to wear in a Mediterranean hotspot, the current summer weather in Britain doesn't warrant much of an outlay as the chances of wearing any of it back home seem rather thin. For those who can sew, much the best way to get together a holiday wardrobe is to take advantage of the summer sales and the marvellous bargains that are offered, particularly in the fabric field. Look for the Easy Sew patterns if you're not inclined to spend much time over the sewing, and you'll be amazed at how little time they take, and how little skill beyond the basic one of sewing a straightish seam—now that the loose-fitting look is in, clothes no longer have to fit the way they once did.

Here are some of the best bargains in fabric that are on offer in London. Your own local stores are bound to offer fine selections, too.

John Lewis, Oxford Street (which you may be interested to know was started in 1864 by a Mr. John Lewis as a shop selling fabrics and haberdashery) has the biggest fabric department in Europe. Their fabric sales are always first stopping-off points for home sewing enthusiasts. Their sale begins on July 13 and among the materials to look out for is printed floral cotton (90 cms wide) at 69p per metre, poly-cotton lawn (112 cms wide) at 79p, cotton lawn, floral and geometric (90 cms wide) at 99p and printed poly-cotton voile (112 cms wide) at 99p per metre.

The rest of the stores in the John Lewis group start their sales the same week and you should enquire at your nearest store for similar bargains.





Varuna wool at £5.00 a metre on the left and Tana lawn at £1.90 a metre from Liberty's sale.

Liberty of Regent Street started its sale on July 6 and they are a mecca for lovers of Liberty lawn. Tana Lawn, normally £3.15 a metre, is down to £1.90, whilst Country Cotton (very nice, too, but a slightly heavier weight) is down from £2.25 to £1.20 a metre. A large selection of dress lengths will also be on sale at less than half price—for instance 4 metre lengths will be £6.00 instead of £12.60, 2½ metre lengths will be £3.75 instead of £7.85. Imperfect Liberty print silk will be £2.50 a metre, whilst perfect costs £4.50. Crepe de chine is an exceptionally lovely and luxurious material and Liberty's will have some printed silk crepe de chine for £5.50, reduced from £12.50 a metre. Look out, too, for Varuna wool down to £5.00 a metre.

Fine Dress Fabrics, 87 Baker Street, London W1 specialises in wool and cotton fabrics from Switzerland which the owner buys in bulk and is able to sell at remarkably low prices—lightweight wool is from £4.25 a yard (54 ins wide), whereas in other shops it is frequently £8 a yard and more. There are over 100 different rolls of Swiss pure cotton Jersey — prints, geometrics, florals and border designs, all 54 ins wide, all £4.25 a yard. They also have fine Swiss cotton voile which is £5.50 a yard (54 ins wide) which elsewhere would be about £10 a yard.

Jacob Gordon, 19 South Molton Street, W1 is a small shop crammed with rolls of fabric at bargain prices. They specialise in selling clearing lots from model fashion houses and the tweeds, cottons, silks, synthetics and men's suiting fabrics are all well below retail prices.

The sale is on now and will continue until about mid-July. Their existing fabric bargains are selling at even lower prices. Some examples are: 36 ins pure Swiss cotton Voile prints for £2 a yard (£6 before). 36 inch printed pure silks now £3 (£8 normally).

There's also pure silk plain crepe de chine (36 ins wide), down to £5.50 or £6.50 if 45 ins wide. One of the best bargains of all is their pure lightweight printed wool, 36 ins and 45 ins a yard, down to £1.50 a yard (normally about £8 a yard). On Saturdays Jacob Gordon is open until 6 pm.

Laura Ashley shops (there are ten which sell fabrics) haven't as yet released details of their sale but they are a fine source of inexpensive dress weight cotton fabrics—they cost £1 a metre, in many colours and patterns.

Cooking with Philippa Davenport

JULY brings plenty of peas, beans, peppers, courgettes, tomatoes and other salad vegetables. It is also the peak of the soft-fruit season (and we were told to expect bumper crops this year), so it should prove a busy time for those who like to make their own jams or to bottle or freeze summer fruits for winter eating.

SUGGESTED MENUS

Curried eggs with salad cress and black olives
Fricassée de veau
Raspberry brulée

Mozzarella, tomato and basil salad
Cucumber pork
Rödgröd

FRICASSEE DE VEAU

I share Elizabeth David's opinion that blanquette de veau can be an anaemic and disappointing dish. But this fricassee version, which starts by enriching the veal with butter and sharpens its flavour with plenty of lemon juice, seems to produce far better looking and tasting results than are possible using the traditional boiling method. Moreover, using only one cooking pot makes this method simpler — and minimises washing up.

For six people you need 2 lbs boned weight of lean shoulder, leg or pie veal cut into large cubes. Melt 2 ozs butter in a flame-proof casserole over low heat. Add the meat and turn it until well coated with butter — the veal should just lose its pink colour but it should not be browned.

Lift out the veal and add vegetables to the casserole: ½ lb celery cut into big chunks, ½ lb carrots very thinly sliced, and 18 whole peeled shallots. (In early summer when shallots are not available I have successfully used the bulbous fat heads of salad onions instead.)

When the vegetables have softened a little, stir in about five tablespoons flour, blend in a scant ½ pint well flavoured and gelatinous chicken or veal stock and a good two tablespoons of lemon juice.

Cook, stirring continuously, until simmering point is reached. Return the meat to the dish, add a generous seasoning of salt and pepper; cover and cook at the gentlest simmer for about 50 minutes. This can be done on top of the stove or in a low oven—about 300 degrees F gas mark 2—whichever is most convenient. Then stir in ½ lb button mushrooms and ½ lb broad beans (shelled weight). Bring back to simmering point, cover again and continue cooking for 30 minutes or until the ingredients are quite tender.

Carefully blend in a liaison made with two egg yolks and 3-4 fluid ounces thick cream. Check seasoning and turn on to a warm serving dish. Garnish with plenty of coarsely-chopped parsley and triangles of fried bread.

RODGROD

This classic Scandinavian pudding has the fruitiest of fruit flavours. It is very quickly made and a blessing for those who love redcurrants and raspberries but can't stand the pips.

To serve four-six, put 1 lb redcurrants and ½ lb raspberries (or ¾ lb of each fruit if you prefer) into a pan with about six tablespoons cold water. Cook over gentle heat until mushy then rub through a sieve. Measure the juice and return all but two tablespoons to the cleaned out pan.

Add six-eight oz caster sugar to the pan, stir over gentle heat until dissolved; then bring to the boil. Blend arrowroot with the reserved juice allowing one teaspoon arrowroot for every seven fl oz of measured juice. Gradually stir the arrowroot into the pan, bring back to the boil and simmer for one-two minutes until clear. Pour into individual small bowls, cool, cover and chill very throughly. Top with softly whipped cream just before serving and accompany with tuiles or other small biscuits.

ARTS

Shakespeare in Canada

THEATRE

B. A. YOUNG

Two of the season's opening Shakespeare productions at Stratford, Ontario's big Festival Stage are outstanding; one is a lame giant; and one will do nobody any harm.

The Winter's Tale, directed by Robin Phillips with Peter Moss, begins in a Sicilia that has moved south a little from the Icelandic fastnesses of the RSC. I would place Leontes's court at St. Petersburg if it were not that his wife was daughter of the Empress of Russia. The atmosphere suggests Edwardian times, and Brian Bedford's admirably - conceived Leontes looks much like the last Tsar. He might have escaped into the play from Strindberg; the play has been rescued from the world of romantic legend it usually inhabits and its personalities made as solid as *Hamlet's*, even the bear that eats Antigonus (seen briefly, erect under a spot) and the diplomatic mission to the Delphic oracle. (Leontes gives each of them a medal on their return, so sure he is of détente.)

This raises a problem for the Bohemian scenes with their song and dance; but it is treated like the song and dance in *Miss Julie*, as an actual folk celebration. Autolycus's music, which might be by Friml or Romberg, has too theatrical a quality for this, though.

Mr. Bedford leaves an immense pause between Hermione's "He'll stay, my lord" and his reply, "At my request he would not." This is where the poison of jealousy first errupts. It leaves its mark for ever; sixteen years later, still only in early middle age, his beard is grizzled and he shuffles like an old man. Margot Dionne, tall and dignified, plays Hermione; she wears the sash of a noble order at her trial. But all Hermiones have to compete with the dominating presence of Paulina, and Martha Henry gives this part a dazzlingly intelligent performance, maturing into a determined old WASP lady, bowed of back but erect of purpose: I don't know why this actress is not world-famous. Stewart Arnott and Marti Maraden are the handsome young Florizel and Perdita, and I must find room for a word for the singular honesty of William Needles's Camillo, uprightness gleaming through his round gold-rimmed spectacles.

Romance is restored in *As You Like It*, retained from last season. The setting by Robin Fraser Paye has a quasi-marble platform downstage, with a fallen oak drooping poetically over the back of the stage. The exiled court dresses as if still at court. The comic lines, which seemed to me more comic than I have ever known them, are delivered with the intimate quality that suits this theatre. I never heard the play sound so fresh: even the setpieces for Jaques and Touchstone are grasped newly out of the air. "All the world's a stage," Brian Bedford observes loudly in the middle of a conversation. There is an apprehensive hush; oh God, the old boy's off again. Then the seven ages come out as if each line held a new, spontaneous thought.

Maggie Smith's Rosalind, setting a standard I never expect to see exceeded, is for once as comic as romantic. In a sky-blue dress with a matching hat like a feathered UFO, she looks like a Gainsborough portrait, but once in her boy's kit she gives herself over to mischief. More than any player I know, she can invest a simple line with unexpected overtones. "He calls us back!" she cries to Domini Blythe's pretty Celia as Orlando begins to leave after his uncommonly athletic wrestling, and the words are a scene in themselves.

Orlando, the young Canadian actor Jack Wetherall, has gauged precisely the blend of inborn de Boys courtesy and unschooled simplicity—a blend in which his impenitent Toronto accent helps, though I insist that "forest" is not a monosyllable. The array of small, pretty parts, from dukes to country copulatives, are, as always in this company, admirably done. Bernard Hopkins is a genuinely funny Touchstone, not an easy thing to be. The whole thing is magical. The director, once again, is Robin Phillips.

Mr. Phillips shares direction of *Macbeth* with Eric Steiner. It has a curiously dreamlike quality; the outlines are blurred, as in a Turner water-colour. Three very dramatic witches (two of them male) lurk on the stage as the house-lights come up, but before they speak they, and we, are given a subliminal glance at a spotlit Macbeth. Are the directors with me in my theory that Macbeth, and probably his wife, had arranged this meeting on the heath in advance? There is no sign of it later; next time Macbeth meets the Sisters their encounter is brief and cursory. All the same, Macbeth and the witches are close companions: they even come to his banquet.

The production, martially costumed by Daphne Dare in black and silver, is closely compressed, with scenes as it were sliding into one another. The fencible thanes have too romantic a quality for me; I couldn't help thinking of Beau Geste. Macduff, the trumpet-tongued Stephen Russell, is allowed some buckshee lines about Scotland after Malcolm has invited us to see him crowned at Scone (which they all pronounce to rhyme with tone rather than tune)—lèse majesté if ever I heard it. Malcolm (Jack Wetherall again) is possibly meant to be a weakling; he looks a blond young hero, but we have already seen how he follows Duncan around with a sycophantic smile after he has been made Prince of Cumberland. He is very brisk with Macduff in the English scene, all the same.

Macbeth is given by Douglas Rain with occasional outbursts of nobility, but mostly as if he were not much concerned with his fate. He rattles through the lines that start "If 'twere done when 'tis done" as if not quite sure of their meaning. (Nor am I.) He asks "Is this a dagger that I see?" when he clearly sees nothing. Lady Macbeth—Maggie Smith, hollow-cheeked, black-wigged, black-dressed like a Charles Addams lady—is clearly in charge from the moment she renounces her feminine qualities. This is a fine, angry performance with two especial high points, her breakdown in tears after the banquet and her magnificent sleepwalking scene.

The Merry Wives of Windsor is directed by Peter Moss, who is to run the newly-reopened Third Stage, Stratford's Cottesloe, and has been director of the Phoenix, Leicester's Cottesloe. So I was surprised at such an ordinary production. I have to say that this is not my favourite play, though the Stratford audience liked it well enough. William Hutt, of course, can take Falstaff in his stride; he brings a touch of knightliness to the part, even at the nadir of humiliation that is sometimes left out.

Maggie Smith in " As You Like It "

The Venice Biennale

ART

WILLIAM PACKER

After several hectic and sometimes confused days of press view, vernissage and reception, of wine under the trees here and "It should all be ready to see tomorrow" there, the Biennale d'Arte of 1978, the 39th of these peculiar, useful and highly enjoyable jamborees, opened last weekend in the pavilions of the Giardini di Castello, and at two or three places elsewhere in Venice. And yet, a certain curiosity and even excitement at occasional excellence amid the muddle notwithstanding, the general feeling was that this is a quiet and unremarkable Biennale, breaking no new ground, setting no new trends: which is far from saying that the exercise was not worthwhile.

We happen to be living through a period of reflection and consolidation in the visual arts, rather than one of adventure, which is no bad thing after so many years of experiment and innovation: and, if the work of artists everywhere catches the spirit of introspection, of analysis and reassessment, it is right that an international event as important as the Biennale should be affected by it too, if only in part, and unconsciously at that.

For the irony to savour is that the Biennale would still like to think itself, and is thought of at large, as the natural resort not only of the best and brightest, but of the very latest thing. Around the turn of the decade political demonstration and actual intervention nearly destroyed the Biennale altogether, for juvenile marxist orthodoxy held that it was but an instrument of capitalism, the Art it showed corrupt in consequence: reforms were promised, and in 1976 were implemented after the Biennale had been to Jail as it were, and missed one turn. The prizes, with their aura of competition and seeking after prestige, were abolished, and the principle of an overall theme embraced.

That first time the given theme was "Environment, Participation, Cultural Structures," which really could be taken to mean what you wanted it to mean, and generally was. Now it has been rejigged into "From Nature to Art/From Art to Nature," which gives everyone even more scope. It is no accident that the better work is to be found in the pavilions of those countries whose commissioners have not been over-scrupulous in their reading of it. The American exhibition, for example, is perhaps the most distinguished of all, the pavilion shared by two artists, the under-shown rather than under-rated painter, Richard Diebenkorn, whose works may well have come down by direct descent from his large, deceptively simple landscapes of some 20 years ago but are unquestionably abstract now: the other the photographer, Harry Callahan, who simply points his camera at people and landscape. Both are fine artists and deserve the prominence that Venice gives them: but such a choice, with its unspoken but nevertheless somewhat casuistical justification, does suggest that any future theme should be something more than empty jargon.

Other countries have done well by showing strong artists who happen to fit the bill, instead of striving after particular significance. The Germans admittedly are showing an indifferent abstract painter in their side aisles, again an evasive choice, but have given over the large central gallery of their imposing pavilion to a single sculpture by Ulrich Rückriem, whose work has always been interesting, and often extremely impressive. Here he shows a large, roughly rectangular block of stone, of about waist height, that has been shivered into quarters and pulled apart to make a narrow cruciform gap, each block sliced through horizontally and the top slice quartered again, these parts replaced, their state described only by the wandering cracks in the surface: an empty and futile exercise by the sound of it—but the reality is quite otherwise, a simple massive presence, beautiful and enigmatic.

The British Council has devoted our pavilion, the most elegant of them all, to the work of Mark Boyle, whose signature, it must be said, covers the work of his family of collaborators, that of his wife Joan Hills in particular. Boyle had a major show at the Serpentine three years ago, and this one, too, is retrospective, the earliest of the reliefs dating back to the mid-sixties, some of the photographic and documentary pieces also from that time; but the emphasis is firmly on the more recent work, the very latest, the Sardinian pieces, filling the main, the entrance, room. And though for ten years or so the work has moved more in terms of technical refinement than creative development, and the convoluted strategies used to avoid certain decisions seem sometimes arch and unconvincing, these extraordinary reliefs are certainly striking, sometimes astonishing, tours de force for all that.

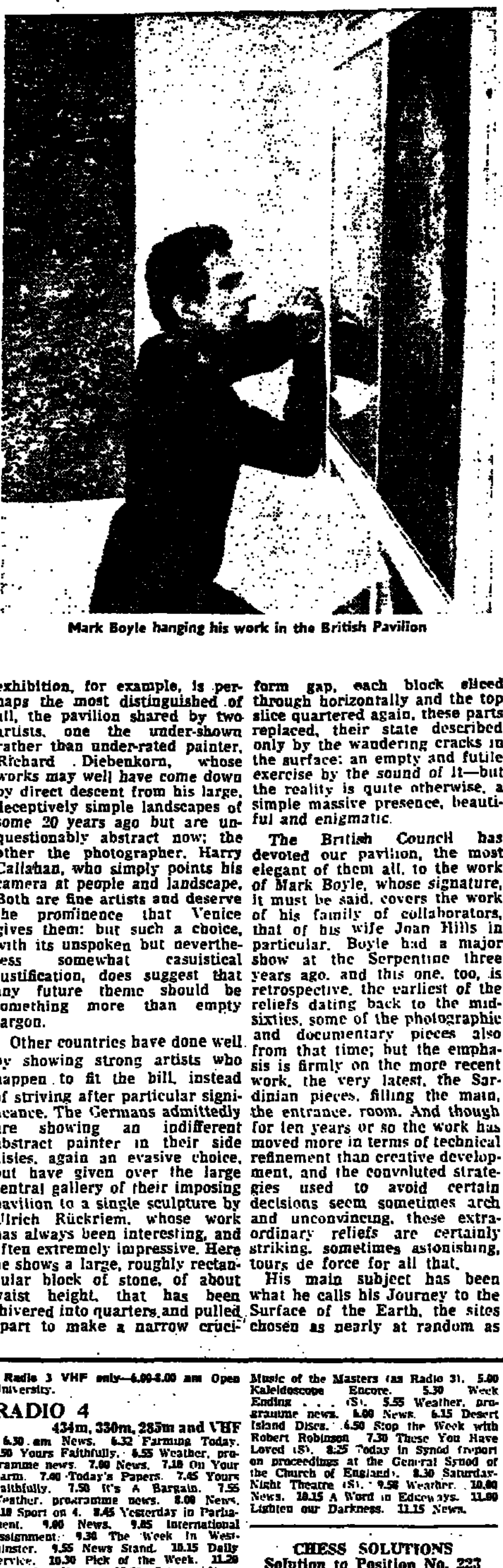
His main subject has been what he calls his Journey to the Surface of the Earth, the sites chosen as nearly at random as possible: a few square yards, it may be of kerb or cobblestone or rock-face, reproduced with an absolute fidelity. A certain smoke-screen surrounds the technical means, and the intention is dressed up as serious scientific research, anthropological, ecological or geographical; but really our attention is simply redirected to the qualities of surface and matter that we have never considered a quite this way before. That this should be effected through the agency of these beautiful images is to confirm their status as works of art: they have not been shown to better advantage.

So we move gently downhill to the rest of the Biennale, finding some work that is desperate, or sad, or merely inept, but it would be wrong to suggest that most of it is less than competent, or without interest. Australia, showing here for the first time in a generation, is represented by an excellent trio of sculptors, Ken Unsworth's slung and propped arrangements of large pebbles particularly seductive; but he and the others, John Davies and Robert Owen, are swimming very much in the mainstream of current sculpture, close to the landscape and natural materials and forces. As much is true of the elegantly minimal statement made jointly by the three Danes, Brögger, Heinsen and Möller.

The more openly agricultural, ecological or physiological the work becomes in its pre-occupations, the more avant-garde it might appear to be—and confronted by the flock of sheep tended by Menashe Kadishman in the Israeli pavilion, by the fresh fish smoking in the reed hut built by the Dutch, by Roy Adzack's dehydrations in the French show, by the Austrian Arnulf Rainer's grotesque posturings, or by the pathetic anti-climax of the Italian bull being put through its mechanical paces, one does experience a frisson of sorts as one's prejudices are tested: but even such enterprises as these are now the projected commonplaces of the brighter, or more desperate degree show. There is no true avant-garde today, only a multiplicity of alternatives, with quality the principal criterion. The Biennale's value lies in setting so many of them out.

The main Italian contribution, housed in the central pavilion, is a large critical survey of the art of this century that is meant to dilate upon the theme in general; but its rationale is weak and tendentious where it is not obscure. But it does bring together a great variety of major works, from Mondrian and Brancusi to de Kooning and Francis Bacon, which is justification in itself.

The Venice Biennale continues until October 15.



Mark Boyle hanging his work in the British Pavilion

TV/Radio

† Indicates programme in black and white.

BBC 1

7.15-8.30 am Open University (Ultra High Frequency only). 9.00 Ragtime. 9.15 The Flashing Blade. 9.40 Goober and the Ghost Chasers (cartoon). 10.00 Rockface. †10.25 "Down Memory Lane." 11.30 "The Painted Hills," starring Lassie. 12.40 pm Tom and Jerry. 12.58 Weather.

1.55 Wimbledon Grandstand: The Men's Singles, the Ladies' Doubles, and the Mixed Doubles Finals: commentaries, including 1.15 Finals to remember—a look back.

5.45 News.

5.55 Sport Regional News.

6.00 Wonder Woman.

6.45 Saturday Night at the Movies: "Crossplot," starring Roger Moore.

8.20 Seaside Special.

9.10 Kojak.

10.00 News.

10.10 Sailor.

10.40 The Expert.

11.30 Stuart Burrows Sings ballads, songs, operetta, Grand opera.

All Regions as BBC-1 except at the following times:—

Wales—10.40-11.30 pm Athletics: The 1978 Welsh Games (highlights from Cwmbran Stadium). 12.00 News and Weather for Wales.

Scotland—12.00 News and Weather for Scotland.

Northern Ireland—5.55-6.00 pm Northern Ireland News and Sport. 12.00 News and Weather for Northern Ireland.

BBC 2

7.40-8.30 am and 8.55-2.45 pm Open University.

3.30 Saturday Cinema: "Jumbo," starring Doris Day, Jimmy Durante and Martha Raye.

5.30 Tennis—the closing stages of play on the final day.

7.35 News and Sport.

7.50 Network.

8.20 Royal Heritage.

9.20 Llangollen 78.

9.50 Wimbledon highlights.

10.50 News on 2.

†10.55 Monster Double Bill: "Murders in the Rue Morgue," starring Bela Lugosi, and at †11.55 "The Man who could Cheat Death," starring Anton Diffring and Hazel Court.

LONDON

8.50 am The Saturday Banana. 8.55 Sesame Street. 9.45 The Saturday Banana, part 2. 10.15 The Monkees. 10.45 The Saturday Banana, part 3. 11.30 Tarzan. 12.30 pm World of Sport: 12.35 International Sports Special (1) Cycling—Tour de France plus The European Superstars Team Final from Ipswich, Suffolk, and Australian Pools Check; 1.15 News from ITN; 1.20 The ITV Seven—1.30, 2.00, 2.30 and 3.05 Racing from Haydock, 1.45, 2.15 and 2.55 from Sandown; 3.15 International Sports Special (2) BP Custom Car World Hot Rod Championship; 4.00 Wrestling; 4.55 Results Service.

5.05 News.

5.15 Celebrity Squares.

6.00 Happy Days.

6.30 Sale of the Century.

7.00 The Life and Times of Grizzly Adams.

8.00 "Our Man Flint," starring James Coburn and Lee J. Cobb.

10.00 News.

10.15 The South Bank Show: Ingmar Bergman at 60.

11.15 Look Here.

12.00 The Entertainers: Mac and Katie Kissoon.

12.30 Close—William Blake poem read by James Coyle.

All IBA Regions as London except at the following times:—

ANGLIA

9.00 am Undersea World of Captain Nemo 9.20 The next week show. 11.20 pm The Streets of San Francisco. 12.20 At the End of the Day.

ATV

9.05 am The Shape of Things. 9.30 Sesame Street. 10.30 The ATV Saturday Morning Picture Show: Norman Wisdom starring in "Press For Time" followed by the super serial "Mystery Island." 5.15 pm Professor Balthazar. 5.30 Celebrity Squares. 6.15 Sale of the Century 6.45 The Life and Times of Grizzly Adams. 8.30 The Law Centre. 9.30 Soap. †11.15 Ghost Story: "Cry of the Cat," starring Sebastian Cabot.

BORDER

11.15 pm Baretta.

CHANNEL

12.12 pm Puffin's Pla(i)ce. 11.20 The Law Centre. 12.20 am News and Weather in French.

GRAMPIAN

9.10 am Talking Bikes. 9.35 Scene on Saturday including Birthday Greetings and Cuir Car. 10.05 The White Stone. 10.30 Sesame Street. 11.30 Space 1999. 11.20 pm Police Woman. 12.15 am Reflections.

GRANADA

9.30 am Sesame Street. 10.25 Paul. 10.55 Saturday Matinee: "Now You See It, Now You Don't." 8.00 pm "Alvarez Kelly," starring William Holden and Richard Widmark. 11.20 The World of Liberace. 12.20 am The Midnight Film: "Isn't It Shocking?"

HTV

9.15 am Old House, New Home. 10.15 Batman. 11.30 Space 1999. 11.20 pm Within These Walls.

HTV Cymru/Wales—As HTV General Service except: 5.15 pm Cartoontime. 5.30-6.00 Sion A Sian.

SCOTTISH

9.10 am Talking Bikes. 9.35 Scene on Saturday. 11.35 The Bionic Woman. 6.00 pm Phyllis. 11.20 Streets of San Francisco. 12.20 am Late Call.

SOUTHERN

11.20 pm The World of Liberace. 12.20 Southern News.

TYNE TEES

9.20 am Lyn's Look-In. 9.25 Space 1999. 10.15 Cartoon Time. 10.25 Lyn's Look-In. 10.35 Saturday Morning Film: "Speedway," starring Elvis Presley and Nancy Sinatra. 12.15 pm Lyn's Look-In. 6.00 Laverne and Shirley. 11.20 Within These Walls. 12.20 am Epilogue.

ULSTER

10.00 am Saturday Morning Movie: "Things To Come," starring Raymond Massey, Cedric Hardwicke, Margaretta Scott and Ralph Richardson. 11.30 Sesame Street. 10.12 pm Sports Results. 11.20 George Hamilton IV.

WESTWARD

9.15 am Talking Bikes. 10.15 The Beatles. 10.40 Look and See. 11.30 Gus Honeybun's Birthdays. 11.35 Code "R". 11.20 pm The Law Centre. 12.20 pm Faith for Life.

YORKSHIRE

9.10 am Talking Bikes. 9.35 Mystery Island. 10.15 The Gene Machine. 11.30 Code R. 11.20 pm Quincy.

RADIO 1 247m

(S) Stereophonic broadcast

(VHF) Very High Frequency

‡ Medium Wave only

5.00 am As Radio 2. 8.06 Ed Stewart with Junior Choice (S), including 8.32 Cross-Channel Motoring Information. 10.00 Adrian Juste. 12.00 Paul Gambaccini. 1.31 Rock On (S). 2.30 Alan Freeman (S). 5.31 Robbie Vincent with soul and disco music (S). 6.30 In Concert (S). 7.30-2.02 am As Radio 2.

RADIO 2 1,500m and VHF

5.00 am News Summary. 5.02 Tom Edwards with The Early Show (S) including 8.03 Racing Bulletin. 8.06 As Radio 1. 10.02 Tony Brandon (S). 12.02 pm Two's Best. 1.02 Offbeat with Braden (S). 1.30-7.00 Sport on 2: Wimbledon Tennis Championships: Finals of the Men's Singles, the Ladies' Doubles and the Mixed Doubles: Racing from Sandown Park (1.30, 2.30): plus results from other meetings, with a classified check at 5.40); Cricket (1.30, 3.00, 5.30) New Zealand Touring Team v Middlesex, plus news of other matches: News of Cycling—the Tour de France. 6.03 Cross-Channel Motoring Information. 7.02 Des O'Connor Entertains. 7.30 Sports Desk. 7.35 Radio 2 Top Tunes (S). 8.00 More Melodies For You concert, part 1 (S). 8.40 David Jacobs chooses music. 9.00 Concert, part 2. 10.02 Saturday Night with the BBC Radio Orchestra (S). 11.02 Sports Desk. 11.06 Peter Wheeler with The Late Show (S) including 12.00 News. 2.00-2.02 am News Summary.

RADIO 3 464m, Stereo & VHF

†7.55 am Weather. 8.00 News. 8.05 Aubade (S). 9.00 News. 9.05 Record Review (S). 10.15 Stereo Release of music by Sor, Liszt (S). 11.15 Newcastle Festival Concert, part 1 (S). 12.10 pm Interval Reading. 12.15 Concert, part 2. 1.00 News. 1.05 What the Papers Said after the Outbreak of the First World War. 1.15 Aeolian String Quartet (S). 2.15 Man of Action: Roy Shaw chooses records (S). 3.35 Music of the Masters (S). 5.00 Jazz Record Requests (S). 5.30 Critics' Forum. 6.20 "La Boheme," from Glyndebourne, opera in four Acts, music by Puccini, Acts 1 and 2 (S). 7.25 Personal View by Philip Reynolds. 7.45 The Exotic Sound of . . . the Irish Fiddle on records (S). 7.58 The Music of Holbrooke (illustrated talk by Harold Truscott). 8.40 "La Boheme" from Glyndebourne, Acts 3 and 4 (S). 9.45 Northern Sinfonia Orchestra (S). 10.55 Sounds Interesting (S). 11.45 News. 11.50-11.55 Tonight's Schubert Songs (S).

Radio 3 VHF only—6.00-8.00 am Open University.

RADIO 4

434m, 330m, 285m and VHF

6.30 am News. 6.32 Farming Today. 6.50 Yours Faithfully. 6.55 Weather, programme news. 7.00 News. 7.10 On Your Farm. 7.40 Today's Papers. 7.45 Yours Faithfully. 7.50 It's A Bargain. 7.55 Weather, programme news. 8.00 News. 8.10 Sport on 4. 8.45 Yesterday in Parliament. 9.00 News. 9.05 International Assignment. 9.30 The Week In Westminster. 9.55 News Stand. 10.15 Daily Service. 10.30 Pick of the Week. 11.20 Time for Verse. 11.30 Science Now. 12.00 News. 12.02 pm Away From It All. 12.27 The News Quiz (S). 12.55 Weather, programme news. 1.00 News. 1.15 Any Questions? 2.00 War and Peace. 3.00 News. 3.05 Does He Take Sugar? 3.35 Music of the Masters (as Radio 3). 5.00 Kaleidoscope Encore. 5.30 Week Ending . . . (S). 5.55 Weather, programme news. 6.00 News. 6.15 Desert Island Discs. 6.50 Stop the Week with Robert Robinson. 7.30 These You Have Loved (S). 8.25 Today in Synod (report on proceedings at the General Synod of the Church of England). 8.30 Saturday-Night Theatre (S). 9.58 Weather. 10.00 News. 10.15 A Word in Edgeways. 11.00 Lighten our Darkness. 11.15 News.

CHESS SOLUTIONS

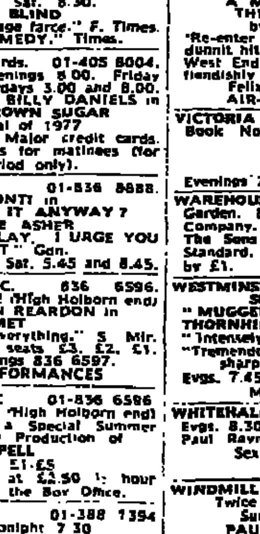
Solution to Position No. 223

(b) is correct. After exchanging rooks, Black can play N-Q3-QN4, threaten the weak QNP, eventually occupy QB6 with a knight and then run the QRP with good winning chances. Smejkal chose (a) 1 . . . N-B6; 2 NxN, PxN when White did not fall for 3 BxBP? RxB; 4 RxR, Q-Q5 but played the stronger 3 RxP! Now 3 . . . BxR; 4 BxB, with mate threats to KN7, is dangerous. Black tried instead 3 . . . N-Q5 but 4 RxR ch, QxR; 5 QxRP won a second pawn and eventually the game for White.

Solution to Problem No. 223

1 P-Q4. If 1 . . . PxP; 2 Q-N4, Kx either N; 3 Q-K7 or 3 Q-K1. If 1 . . . P-B5; 2 Q-Q2 and 3 Q-Q3.

WEEKEND CHOICE



David Warner in " Clouds of Glory "

SATURDAY: Weather permitting, the Wimbledon finals are on BBC 1's Grandstand which starts at 1.00, and if you are really besotted then you can stay with it for 6½ hours by switching to BBC2 at 5.30.

Later BBC2 takes a brief look at the Eisteddfod in Llangollen 78, and London viewers have a rare chance to hear television discuss its own coverage of Northern Ireland in Look Here at 11.15.

SUNDAY: ATV's Golden Gala marking the 50th anniversary of equal voting rights features 108 all-female acts which says little for equality. But the most eagerly awaited programme of the weekend (and the week) is Granada's Clouds Of Glory in which the talents of Ken Russell, Melvyn Bragg, Norman Swallow, David Warner and Felicity Kendall are combined in the telling of the story of William and Dorothy Wordsworth. — C.D.

ARTS/LEISURE

Enlightened selves

RADIO
ANTHONY CURTIS

Anyone who feels, as I do, that we suffer nowadays from a glut of autobiography, that self-exposure has added a new terror to living, and that confession is the curse of the publishing class, must have mixed feelings about the man who triggered the torrent 200 years ago, Jean-Jacques Rousseau. Radio has been conscientiously celebrating the bicentenary of his death in a couple of admirably informative programmes this week. Rousseau was the writer who finally scotched the idea that the self was hateful; Freud merely added a few pedantic footnotes.

Rousseau was over 50 when he published his *Confessions* claiming that although he was no better than other people at least he was different. But was he? When we read the book we feel that we are his brother, his twin almost; he seems somehow to articulate with miraculous ease our weaknesses, our shynesses, our failures to seize opportunities when they occur, our one-time innocence, our slighting by a hostile world. As one of the contributors to Voltaire and Rousseau (Radio 3, July 1) put it, the *Confessions* is one of those books that has the same relevance now as when it was written.

I hope therefore I do not sound ungrateful when I say that with the *Confessions* to draw upon John Hope Mason had a comparatively easy task in putting together a radio portrait of Jean-Jacques, *A Man in All the Truth of Nature* (Radio 3, July 2). His main problem was what from such a wealth of material to leave out; and his next problem was to prevent the show from becoming simply a monologue by Timothy West as Rousseau. He avoided this by breaking into Rousseau's text with some comments on it of his own, spoken by Nigel Anthony as narrator, and some iterjections by Voltaire (Fred Bryant) and Boswell (Andrew Branch). In the dialogue with Bozzy who visited Rousseau in Switzerland the feature had a transitory touch of real animation.

We also heard from Thérèse (Hilda Kriseman), the servant-girl who bore Rousseau five children, all of whom he sent away to the foundling's hospital, claiming in after-years to have suffered great remorse for his abdication of paternal responsibility. The programme was punctuated by snatches of Rousseau's music. For many years he earned his living as a music copyist and although with the exception of one operetta, *Le Devin du village*, his music has been forgotten it sounded pleasant enough. During one of his periods of disfavour in Paris he spent a year in England at the invitation of his fried and admirer Hume. Eventually they quarrelled but it was here that he planned the *Confessions* "an enterprise without precedent. I want to show my fellow-men a man in all the truth of nature and that man will be me . . ."

Rousseau died in the summer of 1778 at almost the same time as Voltaire. We have already heard one excellent programme about Voltaire by Maurice Cranston in May but on Saturday we had the two great rivals considered together by John Pickford in a programme originally broadcast in the World Service and well worth rebroadcasting, *Voltaire and Rousseau: Men of the enlightenment*. This included contributions from the big academic names in French studies, Cobb, Johnson, Hampson, Weightman, attempting to put the two giants into some sort of contemporary perspective.

Richard Cobb had some animadversions on Rousseau's notion of the general will, seeing it as the source of modern totalitarian tyranny; anyone who does not conform to the general will is an unperson and may be sent to a psychiatric hospital or otherwise disposed of. For Cobb it is the Voltairean legacy of questioning the general will and the powers of institutions that is our main residual benefit of the French enlightenment.

John Weightman pointed out how "the flight from social complexity to would-be pastoral simplicity" which is the drive behind so many popular movements today derives directly from Rousseau. It is Jean-Jaques who is the patron saint of ecology, conservation, flower-power, survival kits, friends of the earth, and other advocates of a return to Nature.

Some of these groups represent powerful forces both in this country and in the United States. How they operate and make their voices heard was the subject of *Over Here, Over There*, a promising new weekly transatlantic series on Wednesday mornings (Radio 4, July 5), conducted by Bill Breckon in London and Pat Rowe in New York. Prominent protesters of both nations were interviewed and exchanged views across the wires. Apparently the best way to stop a motorway being built through your village is to go to the meeting in a suit, not jeans and an anorak.

TV RATINGS W/E July 2

UK TOP 20: Viewers (m)

1.	Life Begins at Forty (Yorks.)	14.10
2.	News at Ten (Wed.) (ITN)	13.35
3.	Winner Takes All (Yorks.)	13.30
4.	Coronation Street (Wed.) (Gran.)	13.00
5.	Crossroads (Thurs.) (ATV)	12.95
6.	Coronation Street (Mon.) (Gran.)	12.45
7.	Charlie's Angels (ITV)	12.35
7.	Emmerdale Farm (Thurs.) (Yorks.)	12.35
9.	The Dark Secret of Harvest Home (ITV)	12.10
10.	Whodunnit? (Thames)	12.05
11.	Crossroads (Tues.) (ATV)	12.00
12.	Crossroads (Fri.) (ATV)	11.50
13.	Relatively Secombe (Thames)	11.75
14.	Crossroads (Wed.) (ATV)	11.60
15.	That's Life (BBC)	11.50
16.	Emmerdale Farm (Tues.) (Yorks.)	11.45
16.	The Pink Medicine Show (Ldn. Wkd.)	11.45
18.	Don't Ask Me (Yorks.)	11.30
19.	You're Only Young Twice (Yorks.)	11.15
20.	Hornets Nest (BBC)	10.65

Figures compiled by Audits of Great Britain for the Joint Industrial Committee for Television Advertising Research (JICTAR).

U.S. TOP TEN (Neilsen Ratings)

1.	Lew Grant (CBS)	23.3
2.	One Day at a Time (drama) (CBS)	22.4
3.	M.A.S.H. (comedy) (CBS)	21.2
4.	Three's Company (comedy) (ABC)	20.8
5.	Alice (drama) (CBS)	20.2
6.	All in the Family (comedy) (CBS)	9.9
7.	Charlie's Angels (comedy) (ABC)	19.8
8.	Carter Country (comedy) (ABC)	18.6
9.	Switch (drama) (CBS)	17.8
10.	Laverne & Shirley (comedy) (ABC)	17.7

A Neilsen Rating is not a numerical total.

Montserrat Caballe and Grace Bumbry

Norma at Covent Garden

OPERA
RONALD CRICHTON

More in sorrow than in anger it has to be recorded that the high-price *Norma* at Covent Garden on Thursday was a feeble business, redeemed only by Grace Bumbry's Adalgisa and, to some extent, by the conducting of Jesus Lopez-Cobos. The tremendous title-role is a magnet for ambitious prima-donnas, but only one or two in a generation succeed. How many Normas since the opera stole back into circulation in the 'twenties will go down in history, apart from Ponselle and Callas? Malibran's younger sister Pauline Viardot-Garcia died, at the age of nearly ninety, with the word "Norma" on her lips, still unable to reconcile herself to the fact that she, one of the most renowned of 19th-century singers, had not completely vanquished the role.

The present incumbent is Montserrat Caballé, no stranger to the part but on this occasion in poor voice. One or two of her fabulous soft high notes, an occasional majestic phrase or expressive piece of shading could not obscure the fact that most of Mme. Caballé's singing was strained, uneven in tonal quality and sadly unreliable in intonation. Given vocalism of the kind of which we know she is capable, her impersonation of the Druid High Priestess who has a secret liaison with a Roman Pro-Consul and loses him to a younger rival would conceivably pass muster. As it was, the stately motions of grief, jealous foreboding, motherly love and self-sacrifice looked for the most part merely lethargic.

Grace Bumbry was new to the role of Adalgisa. Once a tendency for the notes to spread was overcome, and fortunately in time for the beautiful first duet between the two priestesses, Miss Bumbry sang with lively intelligence and appreciation, shaping her phrases elegantly, sounding, not just sketching in, the notes. She looked well. It will be interesting to hear her as Norma (to Josephine Veasey's Adalgisa) for the last three performances. In place of the indisposed Charles Craig, Pedro Lavirgen appeared as Pollione, the intruding Roman. Though he sang with determination and vigorous phrasing the voice, naturally rough in timbre, lost power as the evening went on.

David Ward made Norma's father, the Archdruid Oroveso, such a nice, handsome old fellow that one almost forgot that his two scenes go better with a firm basso cantante than with the woolly tone we heard. The minor roles of Clotilde and Flavio, for what they are worth, were well taken by Elizabeth Bainbridge and Robin Leggate. Up till recently one could have counted on strong support from the Covent Garden chorus, but their war-cries were almost as dim as their greeting to the rising moon.

The orchestral playing on the other hand was lively and full-toned. Mr. Lopez-Cobos did not always wait for the diva but he kept the music moving and bound it firmly. The production of Charles Hamilton is not one of this house's major achievements. The Roman security forces with their tinselly spears and furtive movements just about sum up what many people still find ridiculous in grand opera. At least nobody—audibly—dropped anything.

STAMPS
JAMES MACKAY

IT IS almost 11 years since Stanley Gibbons launched a modest little paperback at three shillings entitled *Collect British Stamps*. Now, 21 editions later it is a much more substantial volume retailing at 95p which—allowing for a decade of inflation—is remarkably good value. The secret in keeping the price down for a book which is illustrated entirely in colour is the high print run. Over 1½m copies of CBS, as it is affectionately known, have been sold since September 1967 and a new edition appears every six months. Given the fact that there are allegedly 3m serious stamp collectors in Britain alone it surprises me that it is still a relatively small minority that consider the trifling sum of less than a pound an essential outlay, in a hobby where prices continue to move so rapidly.

Gibbons itself publishes catalogues which are infinitely more detailed, but CBS has the merit of containing the very latest market prices and some of these show marked increases since the last edition was published in November, 1977. The Postal Union Congress pound of 1929, for example, is now £500 unused from £475, while the George VI high values of 1939-48 are all well up—the half-crown brown unused has leaped from £50 to £145, the ten shillings dark from £100 to £150 and the £1 brown from £13 to £40. Even the much-abused Silver Wedding pound has almost doubled and now stands at £38.

Among the earlier issues prices have simply gone through the roof, reflecting my own observations at auctions in recent months where dealers and collectors have simply ignored the Gibbons prices and bid on regardless. It is not so long ago that one expected to be able to buy at a discount off the Gibbons' quote. The latest CBS quotes a price of £800 for the Edward VII £1 unused, but at least one dealer is currently advertising to *buy* this stamp, unmounted mint, for £875!

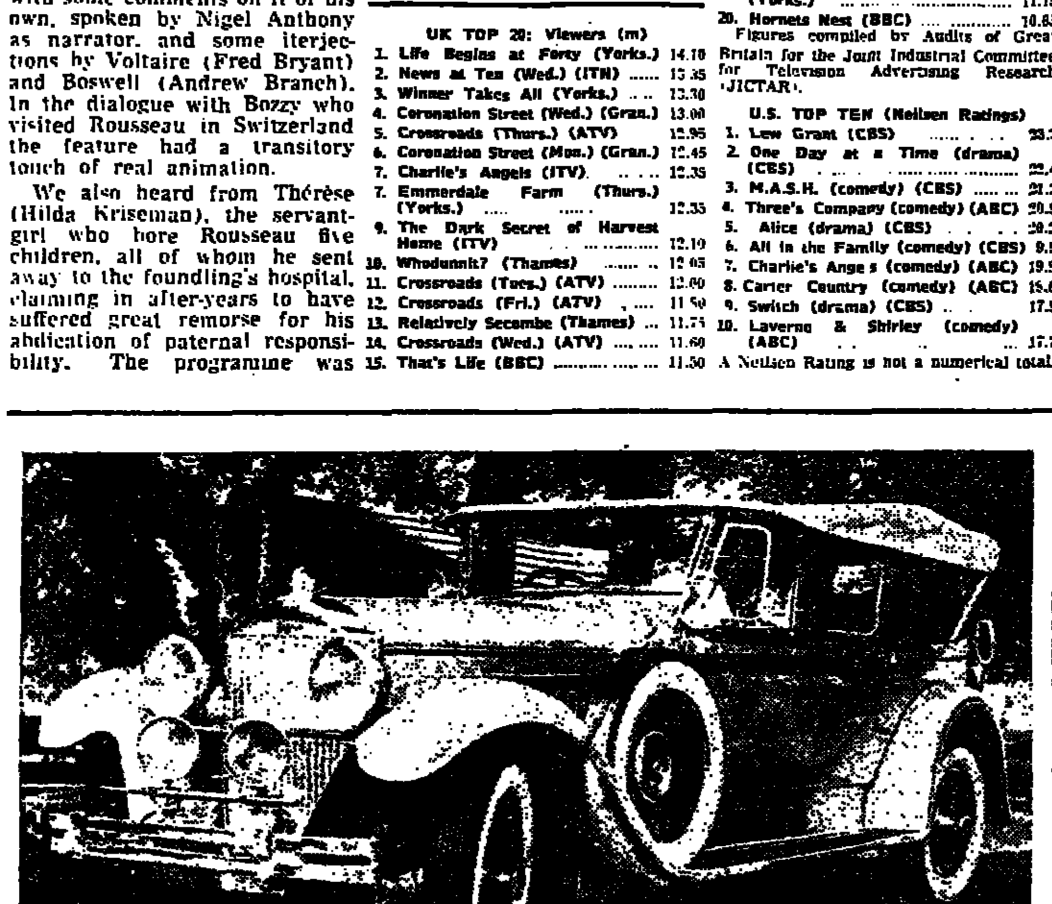
A sign of the times is the inclusion of a list of the PHQ cards as an appendix. These picture cards, reproducing stamps since 1973, are issued by the Post Office and have become all the rage within the past two years, with the result that some of the earliest issues—retailed at a few pence—have now risen to £30 each or more, putting them on par with the great classic postcards of Kirchner and Mucha. Gibbons very sensibly have not attempted to price these cards and state quite firmly that they do not supply them.

Gibbons has also published a fourth edition of its **Specialised Stamps Catalogue, Vol. 2.**

It covers the reigns of the four kings, Edward VII to George VI (1902-1952). Four years have elapsed since the third edition and during that period we have seen the ordinary, run of the mill material increase by 150 per cent on average. It was to be expected that the more specialist material would have performed just as well if not better, given the esoteric nature of such things as die proofs, colour trials and even Georgian stamp booklets.

Again, the auction realisations have given plenty of indication that the pricing in the "four kings" catalogue would have to be drastically overhauled, and inevitably there have been some startling increases. Georgian booklets have trebled in price right across the board, with some individual gems rising even higher. Quite frankly, they will go very much higher yet before they level off. Given the tremendous popularity of modern booklets and the constantly growing demand for the earlier ones the amount of material available is ludicrously small. Booklets of the 1920s and 1930s were largely ignored at the time and it is only within the past decade that their immense scope has been realised.

A valuable addition to this volume is the section dealing with coil stamps, while the chapter on "specimen" overprints has been entirely revised. Edwardian essays, proofs and colour trials have been substantially rewritten in light of new archival material, but the prices of these ancillary items have now gone into orbit—a price range of £800-£1,400 being about average now for material which was a tenner in 1968. At £5.50 for 328 pages packed with detailed information unavailable anywhere else, the "four kings" catalogue is an absolute must for the collector of British middle issues.



The Sultan of Oman's 1929 Packard Phaeton, in silver grey with scarlet trim on body and wheels, was rescued from a rubbish dump in Muscat, and restored to its former glory. It is estimated to fetch between £19,000-£23,000 in Christie's sale of Collector's Cars at the National Motor Museum, Beaulieu, Hants, on Tuesday, which is on view tomorrow and Monday.

Motoring nostalgia

COLLECTING
JANET MARSH

THE EARLY motorist knew exactly what he wanted from his car, a writer in *The Country Home*, 1908 insisting:

"The business of the station car is to bring its owners and their luggage home, to fetch friends and provisions, to run messages, to fetch the doctor, and by a slight stretch to carry its owners to neighbouring houses in all weathers to dinners and parties and shoots. It will do some electioneering work (though not for the anti-motoring candidate), and would serve in many cases to go to the meet, and so spare the owner's hunter."

Aficionados of old cars can see how many ancient motors have been spared to drive another day by going along to the National Motor Museum, Beaulieu, Hampshire tomorrow and Monday, 10 am-6.30 pm. These are the view-days for the "Collectors' Cars" sale on Tuesday by Christie's in association with Lord Montagu. Admission is by catalogue, £2.50, which includes entrance for two to the views and auction, plus a visit to the Palace house, gardens, abbey ruins, and museum. Or you can contact Robert M. Brooks, Christie's Automobile Department, 85 Old Brompton Road, South Kensington, SW7, tel: 01-581 2231, for a catalogue which is well worth having anyway, a splendidly illustrated documentation of transport compiled by Mr. Brooks, Michael Frostick and Michael Sedgewick.

The lots include a 1775 Portuguese *traquitana*, claimed as the oldest carriage in the world, a Victorian baker's van, a 1920 Leyland fire engine with only 600 miles on the clock, various vintage motor cycles, and two rare 1931 4-litre Bentleys, the only known survivors with VP-series engines.

I saw one of the star items of the sale when it was on display at the National Motor Museum recently. A superbly flashy seven-passenger 1929 Packard 640 tourer along "Bonnie and Clyde" lines, it was originally shipped by dhow to Oman, oil-rich country in the Arabian Gulf, by the present Sultan's grandfather, Timur bin Faisel, who bought it for £1,275.

With less than 1,000 miles on the clock, it broke down, and was abandoned for 30 years before discovered in 1971, a disreputable hulk half-buried in the sand of a scrapyard in Muscat.

Now after four years' meticulous and painstaking work it is a glittering silver grey creature with scarlet trim on body and wheels complementing red upholstery and gleaming white walled tyres and hood, and an estimated price tag of £19,000-£23,000. (The full case history of the restoration was given by Peter Hancox in *Veteran and Vintage* magazine of July last year).

Only a few of the cars in the sale are non-runners, but if you want to do your own thing, there is a 1931 Rolls-Royce 20/25 hp two-door Sportsman's fixed head coupé, with coachwork by Mancunian William Arnold. Although mechanically complete, the rear wings are dented, the boot-lid is in poor condition, the frabric top and hub caps have been painted over, and whatever happened to the front passenger seat?

This one could set you back some £2,800-£4,000, while a snappy-looking two-tone 1934 Lagonda 4½-litre pillarless saloon which needs the full mechanical treatment is estimated to fetch £1,900-£3,000. (Most of the specialist car clubs have a register of spare parts, and the Museum also has a restoration workshop with a bead-blasting machine which considerably cuts down the time to clean old parts).

A 1928 Rolls-Royce Twenty Four-Five seater tourer was for many years dismissed by connoisseurs of the *marque* as "staid and undistinguished," but now it's coming into its own, particularly as although 2,940 cars were built between 1922 and 1929, original tourers are hard to find. This one was in good running order when it was jacked up in its owner's garage five years ago, and in case you are disappointed that a moto meter (those necessary devices of the 1920s which kept drivers informed of the temperature of their radiators), replaces the "Spirit of Ecstasy" on the radiator cap, the owner has the original lady safely, and she will be sold with the car.

Motoring accessory enthusiasts should read an interesting new book *Car Mascots—An Enthusiast's Guide*, by Giuseppe di Sirignano and David Sulsberger (Macdonald and Jane's £5.75) which also contains useful background information on motoring history.

The 1903 Oldsmobile 5 hp Curved Dash Runabout is the oldest working car on offer, and as it has competed in every London to Brighton Veteran Car Run between 1949 and 1976, there is no reason why it should not make the grade again in this year's November 5 event, particularly as its tyres, tubes, battery and radiator are new. The tiller steering, candle side lamps, fire extinguisher and bulb horn are still intact.

BRIDGE
E. P. C. COTTER

MY TWO HANDS today from rubber bridge are "bread-and-butter" hands, but they illustrate the world of difference that one pip may make. Let us look first at this:

N.
♠ K 10 9 2
♡ A Q 9
♢ K 8 5
♣ 7 6 4

W.
♠ 6 5
♡ 10 6 5 2
♢ J 9 7 3
♣ K Q J

E.
♠ 8 4
♡ K J 8
♢ 10 4 2
♣ A 10 9 3 2

S.
♠ A Q J 7 3
♡ 7 4 3
♢ A Q 6
♣ 8 5

South dealt at a love score and opened the bidding with one spade, which caused North a slight problem. He had a balanced hand, but with 12 good points and four trumps he felt he was too strong for a double raise, so he bid four spades, and all passed.

West led the club King and followed with the Queen. East overtook—it was just possible that his partner had started with a doubleton—and returned the nine, which South ruffed high, and trumps were drawn in two rounds.

At this point an inexperienced player with eight tricks—five trumps and three diamonds—in the bag, might lead a heart and finesse the Queen on the table. This would lose to East's King, and with no way to avoid another heart loser South would end up one short of his contract.

On this occasion, however, the declarer was a first class player, and he could see the lights of Dover. The Ace, Queen, nine make-up of dummy's heart suit pointed the way to an elimination and endplay on East.

With trumps drawn and no club left in dummy or his own hand, South proceeded to eliminate diamonds by cashing King, Queen, and Ace. The stage was set for the throw-in. Leading a low heart, South played the nine from the table. East won with his Knave, and could choose between giving a ruff discard by a diamond return, or leading into the heart tenace.

Let us turn to the second example:

N.
♠ K 5
♡ J 7 5 4
♢ A Q 8
♣ 8 6 4 2

W.
♠ 10 9 6 4 2
♡ 9 8
♢ 10 9 7 3
♣ 10 3

E.
♠ Q J 8 3
♡ 2
♢ K J 4
♣ A K Q 9 5

S.
♠ A 7
♡ A K Q 10 6 3
♢ 6 5 2
♣ J 7

East dealt and bid one club, South said two hearts, and North's raise to four hearts concluded the auction. West led the club ten, East cashed Queen and Ace, a third club was ruffed high by South, and trumps were drawn in two rounds.

There were nine tricks on top, and if the diamond finesse worked, the contract was safe. This time South was an average performer, but he was not naive enough to expect the finesse to be right. Then the idea of an endplay came to him. Crossing to the spade King, he ruffed dummy's last club, cashed the Ace of spades, and led a diamond, intending to play dummy's eight. But West threw a spanner into the works by playing his nine. Now the Queen finesse had to be tried, but East won, and the contract failed.

The declarer was right to try an endplay, but he chose the wrong suit—Ace, Queen, eight is not good enough. After drawing trumps, South must cash Ace and King of spades, and then lead dummy's last club, discarding a diamond from hand. Now East is really endplayed, and cannot avoid giving declarer the tenth trick. Once again he has the choice between giving a ruff discard and leading into dummy's major tenace.

CHESS
LEONARD BARDEN

RECENT international results indicate that the rapid English advance of late 1977 has slowed down considerably.

Miles's successes gave him a real chance to establish himself as the leading Western challenger to Karpov; but in the last few months that role has passed to Holland's young grandmaster Jan Timman.

Neither grandmaster shone at Lone Pine, but while Miles's result this spring at Las Palmas was about average for him, Timman has just scored another major success at Nikshich, Yugoslavia.

A title challenge in 1981 is a long way off, and whoever succeeds has to overcome the hurdles of zonal and interzonal tournaments and candidates matches. But Timman does possess two considerable assets.

First, Holland is the best country for a professional chess master outside Eastern Europe, with generous government and industrial support, good organisers, an appreciative public and wide media coverage.

Second, Timman has a calm temperament coupled with outstanding ability as an analyst and researcher in theory; thus he is a tougher competitor than Mecking of Brazil or Hubner of West Germany who used to be thought Karpov's likely rivals from the West, while his work away from the board is superior to Miles.

White: Jan Timman (Netherlands). Black: Anatoly Karpov (USSR). Opening: Queen's Gambit Declined (Bugojno 1978).

The opening moves were 1 P-QB4, P-K3; 2 N-QB3, P-Q4 (Karpov usually goes into the Nimzo-Indian by 2...N-KB3; 3 P-Q4, B-N5 but probably wanted to avoid both Timman's favourite 4 B-N5 and playing a variation which could provide useful data for Korchnoi); 3 P-Q4, B-K2; 4 PxP, PxP; 5 B-B4, N-KB3?

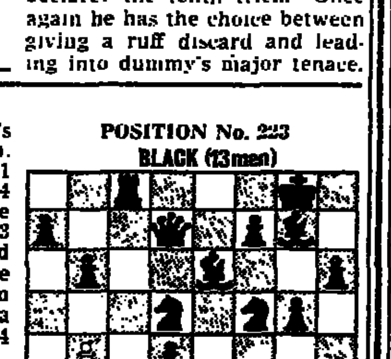
Natural, but already a mistake. Correct is 5...P-QB3; 6 P-K3, B-KB4 and if 7 P-KN4, B-K3 followed by P-QB4 opening up the centre.

6 P-K3, 0-0; 7 Q-B2, P-B3; 8 B-Q3, R-K1; 9 N-B3, QN-Q2; 10 0-0-0, N-B1; 11 P-KR3, B-K3 (this line favours White even when he has a tempo less by playing B-KN5 and then B-KB4); 12 K-N1, R-B1; 13 N-KN5, P-N4; 14 B-K5, P-KR3; 15 NxB, NxN; 16 P-KN4, N-Q2; 17 P-KR4, P-N5; 18 N-K2, BxP (looks risky, but is the best practical chance against White's attack); 19 P-B4, P-QB4; 20 B-R6, B-K2 (if NxB; 21 QPxN, R-B2; 22 B-B4, R-Q2; 23 B-N5); 21 BxR, QxB; 22 N-N3 (22 P-B5, N-N4 gives Black counterplay), P-B3; 23 RxP! N(3)-B1 (if PxR; 24 Q-N6 ch wins quickly); 24 R-R3, P-B5; 25 N-B5, PxB; 26 BPxP, Q-B3? (a harder fight is Q-R3! 27 QR-R1, QxP ch); 27 QR-R1, N-KN3; 28 N-Q6 (quicker is 28 NxP!), N(2)-B1; 29 NxR, QxN; 30 R-R5, Q-B3; 31 Q-B5.

31...P-B4; 32 P-K6, QxP; 33 QxP, P-R5; 34 R-QB1, P-B6; 35 PxP, PxP; 36 RxP, QxQ; 37 RxQ, N-K3; 38 K-B2, K-B2; 39 R-QR5, N-N4; 40 R-B6, N-K5; 41 RxP, N-B3; 42 R-R7, N-Q4; 43 RxN! KxR; 44 P-K4, N-N6 ch; 45 K-N3, B-B1; 46 R-N7, Resigns (N-Q6; 47 P-R4 and White will soon queen).

Csom v. Smejkal, Kiel 1978. A grandmaster misjudgment in

POSITION No. 223
BLACK (13men)



WHITE (13men)

this diagram settled first prize in the tournament. Black (to move) has to decide between (a) N-B6 and (b) RxR. Which is better, and how should the stronger move be followed up? Grandmaster Smejkal, ranked in the world top 30 failed to solve this puzzle.

PROBLEM No. 223
BLACK(3 men)

WHITE(7 men)

White mates in three moves at latest, against any defence (by F. Giegold, Stern 1978).

Solutions Page 12

FINANCIAL TIMES

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Saturday July 8 1978

Stabilising currencies

YESTERDAY'S agreement by the heads of government meeting in Bremen, to launch an intensive study of ways of stabilising currencies in Europe, marks a major effort to improve economic relations between the members of the European Community. No trading country in the world has much reason to be satisfied with the currency fluctuations which have resulted from the disintegration of the Breton Woods system, and the disadvantages of floating are especially sharp for countries which do a very high proportion of their trade with each other. If the governments can set up a currency stabilisation scheme which not merely takes account of the fact that some of the national economies are weak and others are strong, but also helps to bring about a convergence between them, they will have taken a major step forward.

Principle

Indeed, it is possible that the heads of government would have taken a decision of principle to set up a new scheme, had it not been for the reservations of Mr. James Callaghan, the British Prime Minister. A number of important elements have been laid down in the study brief which now goes to the Finance Ministers and the EEC Monetary Committee, so that while a great deal of work still needs to be done on the details as well as a great deal of bargaining on methods of reassuring and strengthening the weaker countries, it is already clear that the question is not one of principle whether there should be a new currency stabilisation scheme, but how it can be made to work.

Mr. Callaghan's foot-dragging is widely attributed to his desire not to offend that substantial proportion of the Labour Party which is hostile to the European Community, and especially to anything which smacks of a diminution of national sovereignty. Since opinion polls also show that the Common Market is pretty unpopular with the British public, he is assumed to be particularly anxious not to be seen to be committed to any currency arrangement ahead of this autumn's expected general election.

But while it must be obvious that party political considerations have played some part in his thinking on this issue, it is not clear how far the natural chauvinism of the left wing of the Labour Party is supported by the professional advice Mr. Callaghan is receiving from the Treasury and the Bank of England.

On objective grounds, the British government has ample reason for caution. The UK economy is structually weak, with more than its share of old-fashioned or declining industries, and its inflation rate remains, despite the striking improvement over the past couple of years, considerably and stubbornly higher than that in West Germany. If a new currency scheme is to work durably, without the constant danger that the weaker currencies will be forced to drop out, ways must be found of strengthening the weak economies, and of bringing about a convergence of European inflation rates, by methods which are politically and socially acceptable.

It would be a great pity, however, if reasonable doubts and anxieties were to be used by British negotiators as a cloak for the instinctive scepticism about a Community approach which has sometimes seemed to form attitudes in some Whitehall departments. For one thing, there is no reason to suppose that the UK does or will benefit from floating rates: for another, the choice may well be between joining in and staying out, and staying out may well be less satisfactory than joining in—if the terms are right.

Moreover, it is evident that the Community governments are giving much greater weight to the problem of economic divergence than they did when the Community snake was first formed, of which only a Deutschemark zone is now left. The German argument, that greater currency stability would by itself prove economically helpful to all, needs to be taken seriously.

Pooling

But the brief for the Finance Ministers specifically instructs them to look at ways of helping the weaker economies, and it is worth remembering that in this category come not merely Britain and Italy, but also to some extent France. All of them were forced out of the snake, and all have powerful reasons for wanting to ensure that this time the arrangements will make due provision for the problem of economic divergence.

The seriousness with which this problem is being considered is indicated in part by the proposal that the participating central banks should within two years pool one-fifth of their gold and dollar reserves.

But the principle of reserve pooling is more important than the precise amount of money which is pooled. For it would imply that the participating governments have recognised that they must take a major step in treating their national economic problems as common problems.

Union leaders at the centre of the pay policy debate (left to right): Mr. Terry Duffy of the Engineers, Mr. Joe Gormley of the Mineworkers, TGWU general secretary Mr. Moss Evans and Mr. David Basnett of the Municipal Workers.

Callaghan's Phase Four gamble

BY CHRISTIAN TYLER, Labour Editor

THE DIALOGUE between the trade unions and the Labour Government has become curiously static and obscure. As the political temperature rises with the approach of what everyone now assumes will be an autumn election, so the language of the TUC-Labour Party alliance—especially about the future of pay bargaining—has taken refuge in secrecy and ambiguity.

It is only outside Congress House, at places like the miners' delegate conference this week, that the debate can really be heard. What the miners decide matters. For the critics of free collective bargaining they stand as proof of why the system is neither just nor tenable and for the critics of union power the miners' strikes of 1972 and 1974 are still fresh and potent symbols.

When the miners this week decided to lodge a claim for a new top basic wage of £110 a week—a 40 per cent increase—and to fight "the extension of the social contract into Phase Four," they were not playing with words. Their message to the Government is quite plain: "We will support you this time as before, but we warn you that you may lose the election if you seek to deprive us and others of our main role: to negotiate freely for our members."

Trade union moderates

Mr. Joe Gormley, president of the National Union of Mineworkers, is by any reckoning a trade union moderate. As it happens, he does not believe in incomes policies although his general secretary, Mr. Lawrence Daly, does. Closely involved in the running of the 1970 election as a member of the Labour Party Executive, Mr. Gormley is now anxious that Labour will be beaten again and for similar reasons. As he said this week, it was Mrs. Barbara Castle's proposals for union legislation "In Place of Strife" that embittered the activists and party workers. This time, he believes, it is a constant harping on wage norms and guidelines. It is not so much that the guidelines are too harsh—for many workers the £6 flat rate increase of 1975-76 and the 10 per cent of the now-expiring Phase Three were handsome increases. It is the fact that they were decrees from on high.

Mr. Gormley said privately this week that free bargaining was the only thing that distinguished a British trade union leader from an East European one. The clear implication is that, stripped of his role, the British union leader is left as a State apparatchik in a free market society.

Those who disagree with Mr. Gormley's analysis—and they are probably a majority of the TUC's inner circle—are well aware of the dangers both to the Labour Government and to their own credibility as trade union leaders. But, like so many yachtsmen in a high wind, they are having to lean over backwards to stop the boat capsizing.

That is why Mr. Len Murray, TUC General Secretary, is endeavouring to lead the unions into an "understanding" with Ministers about pay in the next round, but not, of course, anything that smacks of a deal with figures on pieces of paper. It is why, for instance, Mr. Murray has reacted so sharply to the Boyle report proposing huge pay rises for state industry chairmen, judges and generals. It also explains why he rejects any talk of monitoring bodies or Parliamentary select committees to institutionalise central pay planning. Thus the "good understanding," a phrase that could mean anything from a firm embrace to an uneasy truce, is the basis of the TUC-Labour Party liaison committee's new draft of the social contract which will be topped and tailed two days before the TUC General Council meets on July 26 and a week before Phase Three dies.

The truth is that there is not much meat left on the social contract bone. The Trade Union and Labour Relations Act, the Employment Protection Act and the Health and Safety at Work Act have all been on the statute book for several years. The only big plum left, industrial democracy, must await the outcome of the election.

Unemployment level

Furthermore, in spite of tax cuts in the April Budget the TUC has got only half the economic stimulus it wants and unemployment is at a level that would once have been thought politically disastrous. The latest union demand, for a general cut in the working week to 35 or at least 38 hours, has apparently been coolly received.

Where the Government has helped the delicate process of rapprochement is by refusing so far to quote in public any figure for its Phase Four pay controls. A 7 per cent limit on earnings, perhaps split 5 per cent all round with 2 per cent to deal with wage anomalies, is generally assumed to be the target. If it had been declared during the summer season of union conferences that finishes with the National Union of Railwaymen in Llandudno next week, it would certainly have been received with contempt. That is not to say, applying the Gormley theory, that something like 7 per cent would not be acceptable if it emerged from negotiations with individual employers.

For his part Mr. James Callaghan seems well aware that the TUC dare not come out of its corner despite the prodding of unions like the miners. The TUC General Council has knuckled under to Phase Three in spite of all protestations that its policy is for "an orderly return to free collective bargaining." The Prime Minister is now in the position of being able to say that Phase Four will happen whether the unions like it or not as he did to the Confederation of Shipbuilding and Engineering Unions last week.

His calculation like that of many in the TUC hierarchy, is the opposite of Mr. Gormley's. The activists may shout their protests and may refuse to turn out and ring doorbells. But the rank and file will vote for a counter-inflation strategy which further damps down their wage ambitions. It is an assessment much like that of the Conservatives about the balance of union power: ignore the militants at the top, ignore the frustrated union officials in the middle, and appeal directly to the silent mass of the 11½m on the shop floor or in the office.

A senior Minister—not a right-winger — privately explained the calculation recently. He estimated that the two ends of the union movement were broadly in agreement. The problem was the shop stewards, whose livelihood depends on local bargaining and for whom the memory of the 1975 inflation is secondary to today's pay grievance. His answer to the problem was to re-create and re-define the role of the shop steward by extending worker participation.

Conservative split

Mr. Callaghan's greatest ally, of course, is Mrs. Thatcher. Without the split in the Conservative Party things could be much stickier. As it is, the efforts of her Shadow Employment Secretary, Mr. James Prior, to hammer home the official conciliatory line (no abolition of the closed shop, no big changes in the Employment Protection Act) can be passed over by the unions so long as monetarist economics and the free enterprise industrial policy of Mrs. Thatcher and Sir Keith Joseph lurk in the background.

Nor has Mr. Prior been helped by the leaking of internal reports weighing up the fire power of unions in a future collision with Government and the scope for denationalisation of strategic industries like coal and steel. In many cases the unions genuinely do not know what the official Tory policy is; but in the run-up to a General Election they are little inclined to find out. As far as the activists are concerned Labour's economic strategy may be all wrong, but a Conservative victory would be an outright disaster.

The TUC's dilemma is to try and maintain the social contract (under whatever name) formally continuing union-Government agreement on the broad lines of economic management, without at the same time appearing to connive at hardline wage policies. For most trade union members the social contract is seen as a simple bargain — favourable legislation in return for co-operation on wages. The efforts of Mr. David Basnett, this year's TUC chairman, and others to draw a firm distinction between a bargain on pay and joint discussions of the economy only underline the point.

This year's TUC Congress in Brighton, falling perhaps only weeks before an election, will therefore be looking for a formula that reconciles the two strands of the argument. Every effort will be made to get a resounding Yes to a Labour victory and a muffled No to the present Government's policies.

The miners have put their hardline resolution on the social contract and Phase Four on to the Congress agenda. They would expect the support of the 2m-strong Transport and General Workers' Union, of Mr. Clive Jenkins's ASTMS, possibly of the big Civil Service unions and local government workers as well as traditional opponents of the social contract like train drivers of ASLEF and other small craft unions.

Among those who seem bound to go for a subtler rejection of wage controls one can count the General and Municipal Workers, the local government officers, shop workers, possibly the Electricians and probably the Engineers who despite a vigorous resolution from their policy-making national committee is now controlled by a right-wing executive.

Keenest party workers

In one sense the actual shape of Phase Four—what the guideline figure is, how flexibly applied, and what exemptions are continued—seems unimportant. What matters is whether the Government has read aright by gambling on the reaction of its keenest party workers in the trade union movement. If it does get back in office, the question will be whether it can maintain the mood and momentum of Phase Three so that it runs quietly into Phase Four in spite of a string of special cases—the firemen, policemen and university teachers among them—who have already been promised very substantial pay rises in the next round.

One need look no further than the strike of 350 Chrysler toolmakers in Coventry, whose claim for improved wage differentials landed in the lap of Government Ministers yesterday, to see that a policy of general containment is always under stress from the shop floor. In Phase Three union members appear largely to have accepted the going rate despite claims of substantial breaches of the 10 per cent in some quarters. But promises made under pressure that things will be sorted out "next time" cannot—as the firemen showed at the beginning of the year—go on for ever undelivered. There will be more firemen, more toolmakers after polling day, whichever political party is there to receive them.

Letters to the Editor

Workers

From Miss A. Tuck

Sir,—I would like to present another view to what I consider to be the very biased opinion of J. R. Walker (July 5) on the subject of students and managerial material.

I totally disagree with the sweeping statement that those who apply for University only do so because they wish to "put off" work for a few years. Having recently graduated myself—not I hope causing me to be biased in the other direction, but at least enabling me to give an account of what actually goes on at University—I can safely say that the majority of students work very hard while they are there and spend a great deal of their spare time in the final year (if not previous years as well) in finding out about and applying for jobs. They are neither work shy or indulging in merely "casual study" as Mr. Walker suggests.

I do agree, however, that by no means are managerial and other positions of responsibility and intelligence only suitable for those with the highest academic qualifications. I also realise the importance of practical qualifications and experience, particularly in such an economic atmosphere as ours at present. But having come across considerable prejudice while attending interviews, simply for being a graduate, I would like to prevent the mode of thought which previously assumed a degree was the one and only criterion for a top position and was obviously biased, to one which is equally one sided—that if you are a graduate you must be totally removed from the world of work.

(Miss) Allene Tuck.
23, Fairlawn Avenue,
Chiswick, W4.

Firewood

From Mr. R. Lassen

Sir,—Having recently returned from trekking in the Khumbu region, I would like to comment briefly on the heavy firewood demands from mountaineering expeditions and trekkers. It is worth noting that such demands are heavier than necessary given Royal Nepal Airlines' persistent refusal to fly fuels such as kerosene into the airstrips at Lukla and Shangboche. A change of policy on the part of the airline would greatly ease the problem in the Khumbu region.

R. G. Lassen.
121, Barnstock,
Bretton, Peterborough.

Bargaining

From Mr. E. Chalmers

Sir,—Once again with an air of false innocence the unions are claiming that all they want is to be able to negotiate freely without Government interference.

Very well then, let them negotiate freely in a *free* labour market. That means no closed shop, no artificial demarcations and overmanning. It means no unemployment benefit, no earnings-related benefit, no redundancy payments and no social benefits to strikers' families. It also means no economic management to artificially raise the level of employment, nor special schemes to create jobs.

Obviously, this is not the sort of freedom the unions have in mind. The freedom they want is to be able to hold the community to ransom; while the idiot community obligingly assists by providing all the aforementionad helpful aids to wage bargaining power.

E. B. Chalmers.
20, Moorgate EC2.

Exchange

From the Sales Director,
Sir James Farmer Norton and Co.

Sir,—With reference to your article on energy saving in the textile industry on June 14, as one of the manufacturers of a heat exchange unit (in fact, the very one on which The Shirley Institute carried out the tests mentioned in your article), we have been pursuing through the Department of Industry the allocation of grants under the new energy conservation scheme announced in the House of Commons the day before your article was published.

You can imagine our consternation on learning from the Department of Industry that the application of a heat exchanger on to effluent water does not qualify for inclusion under the grant scheme since, although waste heat is recovered, the waste heat is not returned through the boiler system. This appears to us a totally illogical, arbitrary and nonsensical distinction, since whether the heat is saved in the boiler by using less fuel to generate steam or outside the boiler by reducing the steam requirement on a piece of equipment, it does not alter the fact that energy is being conserved.

We feel it invidious discrimination that the purchaser of a feed water economiser should be eligible for a grant when the purchaser of a waste heat unit should not be.

While one is aware that civil servants are anxious not to throw money away, we do feel on this occasion their parsimony is being carried a little too far.

A. I. Stirling.
Adelphi Iron Works,
Salford, Manchester.

Interest

From Mr. S. Penwill

Sir,—There is a suggestion that interest should become statutorily payable on accounts not paid within one month, or such period as may be prescribed, from the date of invoice for goods or services.

This can be a double-edged weapon as it might encourage customers, who could not otherwise obtain finance, having exhausted bank and other facilities, to look upon their suppliers as a source of working capital, albeit at a rate of interest higher than that chargeable in ordinary banking or commercial circles.

S. W. Penwill.
158, Fenchurch Street, EC3.

Superpowers

From Elizabeth Young

Sir,—In your leading article "Arms Control edges ahead" (July 3) you suggest that China is "lagging behind" the United States, the United Kingdom and the Soviet Union in clarifying its intentions over the use of nuclear weapons. This is not so: the others are—only slowly—following China's lead. Every Chinese nuclear test explosion has been followed by an unconditional Government statement that China would never use nuclear weapons first—not only not against non-nuclear states, but not against nuclear-weapon states either.

One of the main reasons advanced by China when it accuses the two nuclear superpowers of hypocrisy in their arms control postures has been—and probably still is—their unwillingness to make such an unconditional no-first-use declaration. That the British and French should retain a conditional right of first use, if attacked by the Soviet Union, the Chinese have also long accepted.

Elizabeth Young.
100, Bayswater Road, W2.

Customers

From Mr. R. Kendall

Sir,—Not only do foreigners not want our goods neither do we (Samuel Brittain, June 29).

Could it be that people threatened with legislation from this Government, and that other place, regarding conditions under which goods and services are supplied are growing more resentful at the continuing erosion of their position as customer or consumer.

R. Kendall
182 Pool Farm Road,
Acocks Green, Birmingham.

Qualifications

From Mr. A. Roper

Sir,—I notice that Professor Myddelton (July 5) is asking where my "anti-freedom argument" ends and he is quoting further examples which I do not consider to be analogous to the consumer protection afforded by the control of solicitors which is exercised in the public interest with regard to ability, compulsory insurance and expulsion for professional misconduct.

Of course the public should be free to select which books they read, elect a Government of their choice, and choose which religion they wish. Likewise, the public should be free to choose whichever qualified solicitor they wish to act for them. The basis of my arguments is not that choice should be eliminated but that in view of the substantial consumer protection afforded by qualifications and control, Professor Myddelton should not seek to abolish that consumer protection but he should accept the fact that competition can still exist within the realms of qualification. This was the fallacy in Professor Myddelton's contentions.

Professor Myddelton asks where my anti-freedom argument ends? It is not an anti-freedom argument since the freedom still exists. I would ask where Professor Myddelton's argument ends? Shall we press for unqualified persons to be allowed to practise medicine in competition with qualified GPs? They would probably accept lower payment than qualified doctors and the health service could solve its present problems this way. How about increasing the number of illiterate teachers in our children's schools? How about employing unqualified architects to design and supervise the constructions of large public buildings? Perhaps we should let loose on our roads some lorry drivers who have not passed the driving test.

One could extend Professor Myddelton's arguments ad infinitum. Some savings in costs could no doubt be effected. Presumably in Professor Myddelton's view it would not matter that we should run the risks of numbers of air crashes by unqualified airline pilots, people dying through lack of proper diagnosis of diseases, public buildings falling down on top of people, illiterate children leaving schools and heavy goods vehicles mounting the pavement.

Alan D. Roper.
Court Chambers,
3, Victoria Street,
St. Albans, Herts

Words

From Mr. C. Reid

Sir,—Your recent correspondence raises some very important points regarding the spoken word but these explore barely the tip of the iceberg which is overshadowing the purity of the language. I can quote several examples such as "this moment (or point) in time," "having said that . . . ." repeated use of the word "obviously," and so an ad nauseum. My bete noire is "escalate," used by all the top people in politics and industry right down the chain of authority to the shop floor. As the noun of the verb can move either up or down, surely the use of this word only in the "increase" or "addition" meaning cannot be justified. There are other words in common use which are equally suspect, such as "trauma" and "viable."

While verbal culture cannot be everyone's lot, it is not unreasonable to expect that commentators in any field should not only have some expertise in their chosen subject, but should also have some proficiency in the order and use of words, and not have to resort with sickening frequency to the current phrase of the month.

C. B. Reid.
33, Forest Gardens,
Galashiels,
Selkirkshire.

Nationalisation

From Mr. G. Burghes

Sir,—Your article regarding Cable and Wireless (June 28) is quite extraordinary in that no mention is made of the man who really built up the company, namely, the late Sir Edward Wilshaw.

The nationalisation of this company appears to have been founded largely on jealousy. Who knows to what heights it would have risen (together with the bosses' salaries) if left, as Sir Edward wished, in the private sector.

G. H. Burghes.
11, Heath Street,
Hampstead, NW3.

Nippy

From Mr. S. Lester

Sir,—Mr. Paul Goldsack of Jane's World Railways (July 6 page 6) appears to be unaware of the story of the tortoise and the hare. If the Shinkansen bullet train covers the 108 miles between Nagoya and Sizouka in 59 minutes at an average speed of 103.7 mph it obviously runs out of steam six miles short of its destination. British Rail, on the other hand, plodding along at 103.2 mph can at least be relied upon to reach the station. No doubt the six-mile daily jog explains the superior physical fitness of Japanese businessmen.

Stuart Lester.
16, Fortis Green, N2.

A cure for tour operators' jet lag

BY ARTHUR SANDLES

[B]Y THIS time next year six [g]leaming new Boeing jets may [b]e winging their way to and fro [o]n the Mediterranean sunshine [r]outes from Britain, the result [o]f an impressive scramble going [o]n at the moment in the UK [t]our operating business. After [y]ears of having too many air[c]raft, a situation which pro[v]oked an outbreak of price war[f]are, the industry is now suffer[in]g from a seat shortage and is [w]orried that this could become [a] seat famine by the early 1980s. [B]oeing, it so happens, has the [j]et to fit the bill—the popular [7]37 workhorse of the air—a £6m [(]with spares) bundle of [r]eliability that is the backbone [o]f much of the western world's [m]edium-haul air routes.

So far this year Intasun, a [l]arge privately-owned group, has announced a firm order for three 737s and the Great Universal Stores subsidiary, Global, has let it be known a [s]imilar order is likely. Both [g]roups should have their jets in [s]ervice by next summer. At the [s]ame time the Association of [I]ndependent Tour Operators, an [i]ndustry self-help organisation [o]f smaller companies, is en[d]eavouring to set up a bulk [b]uying scheme which would [e]nable it to encourage an estab[l]ished airline to buy jets to fly [A]ITO passengers—although in [t]hat case BAC One Elevens [m]ay be the chosen vehicle.

Re-equipment

The big three tour operators, [T]homson, which owns Britannia [A]irways, Cosmos, with Monarch [i]n the same fold, and British [A]irways which has its own tours [d]ivision, are all facing decisions [o]n re-equipment, the problem in [th]e case of BA being com[p]ounded by political considera[ti]ons.

For an industry which was [r]eputedly on its knees only a [c]ouple of years ago thanks to [th]e economic malaise which had [d]eeply wounded UK discretionary spending, this rush of investment seems a remarkable turnabout, but there is more to it than just a revival in traffic.

Britain's package tour industry rose steadily in the late 1960s to a peak of nearly 5m holidaymakers in 1973. The crash came a year later when the industry shed around 20 per cent of its business in volume terms. And although business has yet to recover from this collapse, 1978 should see a peak — over the previous two years — of more than 4m inclusive tour customers leaving British shores.

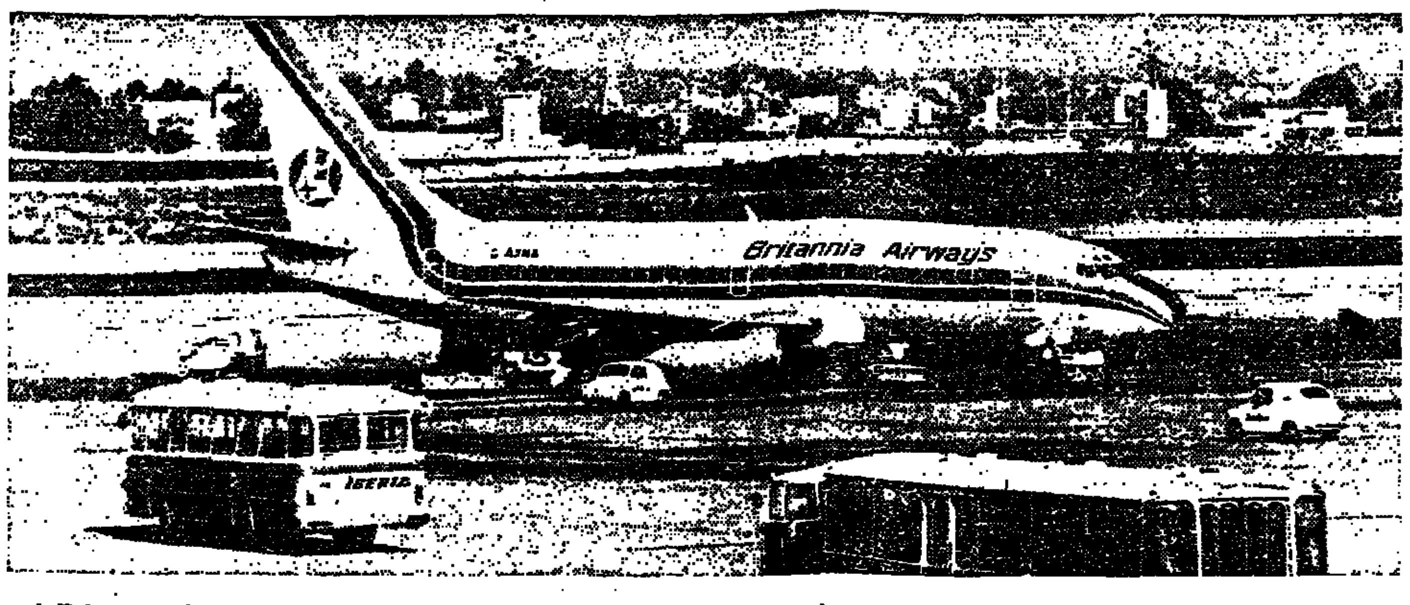
The immediate problem over aircraft goes back to the effects of the 1973-74 difficulties when the country's charter airlines had a great deal of spare capacity lying around on airport tarmacs. A modern jet is an expensive thing to keep and the airlines were quick to find alternative work for their aircraft and, in some cases, to get rid of some of them altogether. The alternative work has often taken the form of leasing the aircraft to foreign operators who are bringing in overseas customers for Britain's own blossoming tourist business.

As long ago as last winter airlines like Dan Air, Laker and British Airways — the backbone of the free market airline charter business — were pointing out that they could not risk massive investment in new equipment on the basis of a few months' optimism and, until the market was seen to be reviving on a long term basis, there was likely to be a shortage of jets for the tour companies.

This provoked a great stir in the industry as word got around that in the peak seasons it would be difficult for anyone to put on extra flights and therefore early bookings would be essential to ensure that people got the holidays of their choice. There was indeed a rush of bookings in January and early February—enough to encourage the ever optimistic tour men to believe that boom times were here again. Some of the steam has gone out of that rush but it still looks like being a profitable year for the tour business. An indication of the way things have changed is that last July the newspapers were full of advertisements offering low cost flights from the major operators. This year such offers are still around, but nothing like so many as a year ago. The seats which then carried cut-rate passengers are now occupied by full-fare paying, and much more profitable, tour customers.

The tour companies are now looking a little further ahead and wondering what will happen if the recovery in business continues even on its present gentle scale. The answer is, of course, that more aircraft will be needed.

What makes the position more acute is that not only is business rising but the British medium haul charter fleet is growing older. As noise and pollution regulations tighten up around the world many of the aircraft now in use will have to be heavily modified or sold to countries which will have less stringent requirements in the early 1980s. In some cases the modifications needed to reduce noise have the unfortunate effect of either increasing fuel consumption or reducing passenger loads—neither of them particularly desirable in these days of high oil prices.



A Britannia Airways Boeing 737 jet at Palma airport, Majorca. Britannia, a Thomson Organisation subsidiary, has a large fleet of 737s, the jet which Great Universal Stores is considering buying for its Global Tours subsidiary. Another British tour major, Intasun, has just ordered three 737s at a cost of £18m.

The needs of both the airline and tour companies in the holiday charter business are specific and most companies are not interested in such aircraft as the DC 10, European Airbus or the TriStar. These jets are simply too big.

A tour operator wants an aircraft which is able to fly at least four legs of 1,500 miles every day, and possibly six in peak season. An aircraft built for somewhat longer distances may not be suitable for such intensive use on shortish runs. Those that are have too many seats. Most tour companies do not like the thought of having to fill a 400-seater aircraft every time they fly to Ibiza or Rimini. They would much prefer to use more, if smaller, jets because of the operating flexibility they would give them. If the only tours which operated were those which could fill 400 seats a large number of destinations would be instantly struck from the brochures.

Until recently, apart from the big three (Thomson, BA and Cosmos) most companies have been willing to see the airlines take the investment risk involved in finding suitable jets. Now, however, they see the shortage of such aircraft as a real threat to growth in the future and are being tempted into vertical integration.

The situation has been highlighted by the arrival on the British market of two major foreign organisations, the Scandinavian tour operators Tjaereborg and Vingresor. Tjaereborg has been in the UK for a year now, with some success, and Vingresor opens its marketing doors next winter. Both are organisations of some commercial muscle. Indeed, Vingresor is a wholly owned subsidiary of Scandinavia's SAS.

It would not be surprising if these two carried more than 100,000 Britons to holiday destinations next year and perhaps 250,000 between them in three years' time. This is still only 5 per cent of the likely UK market then, but it does mean that these well-heeled outsiders would be competing for the best aircraft seats against UK domestic companies. It is one of the rules of the airline charter game that aircraft must be owned by the nation generating the traffic or by the nation receiving them. Thus UK flights to Spain must be in British or Spanish jets.

Those medium-sized tour companies which have ambitions for considerable growth do not wish to be held back by cut-throat competition for a small pool of charter seats. That is why both Intasun and Global have been seeking to take out insurance by buying their own aircraft. In neither case would the purchase of three aircraft be enough to fill their whole programme, but the control of a small airline does mean that the tour operator has a useful base from which to work.

Intasun has already said that it will be using only half the seats on the jets it intends purchasing with Japanese-American financing help. The rest will be sold on the open market "now that margins in the charter business are reaching interesting levels," as Intasun's chief executive puts it.

It remains to be seen whether the diversification into aircraft ownership will be followed by a similar expansion into hotels. Some hotels are already owned by tour companies, or leased for such a long time as to make them virtually owned. Thomson in particular is a large-scale hotel operator.

The hotel industry in the Mediterranean at the moment is in very much the same position as the airlines were a couple of years ago — the supply is greater than the demand. This, however, may change as the upswing continues not only in Britain but also in Europe. There are signs that British Airways, for example, might be tempted into operating more hotels of a package tour nature, adding to its present array of business-oriented properties.

The disadvantage of investments in both airlines and hotels is that they reduce one of the major attractions of tour operating — the low capital investment required. Tour running is largely a question of expertise and although many of the companies involved produce apparently pitiful returns on turnover, the return on investment is substantial. Ownership, and even long-term contracts, can change this position.

However, the travel business is one which is attracting widespread attention at the moment and a higher price for getting into the game does not seem to be acting as much of a deterrent. The result is likely to be a fiercely fought advertising war next summer and for a few summers after—and a gradual end to the heavily discounted sale of charter seats which have been dumped on the open market. That at least will be a crumb of comfort to the scheduled airlines.

Once again the major external factor likely to be of concern to the tour operators is the trading environment in Spain. While it was Spanish politics which provoked furrowed brows in the early '70s, today the worry is over its economic stability. Spain still accounts for rather more than a quarter of total UK holidaymaking abroad and, although the proportion of the total market has been falling in recent years, it is still the dominant destination. If independent holiday trips are removed from the total Spain is even more significant.

Rising prices

The worry over Spain is inflation. Although there have been a series of devaluations, costs in Spain are rising rapidly and eroding its position as a "cheap" country for foreign visitors. The question has been underlined by a series of pay disputes involving hotel workers. It now seems that hotel prices will rise dramatically for the summer of next year and the net effect is likely to be an even further erosion of Spain's share of the inclusive tour market from Britain.

The benefit of this loss is likely to be very widely spread. No one country has anything like enough bed capacity to take up a large amount of Spanish slack, but Greece is beavering away at the problem, having doubled its share of UK business in the past six years, though it is still less than 10 per cent.

Clearly, however, the British tour operators do not feel that their problems in Spain are going to be insuperable. Their continued confidence means that investment interest in tour operating and travel agencies is likely to be sustained. And that is probably regarded as good news by Boeing in Seattle.

Weekend Brief

[U]nion [lux]ues

[It i]s not every day that a militant [tra]de union spends about [£]65,000 of its members' money [to] buy a luxury country house [st]raight out of the pages of [C]ountry Life.

But such a house, set in a 28 [acr]es of parkland with magnifi[ce]nt views of the rolling Lincoln[shi]re countryside, is exactly [w]hat Britain's biggest teachers [u]nion—the National Union of [T]eachers—has just bought. The [ob]ject of the exercise, however, [is] not to provide relaxing week[en]ds for battered teachers or [ti]red trade union officials.

Instead the union has virtually [be]en forced into the move by [th]e wealth of employment legis[la]tion that has been put on the [st]atute book in recent years. [Iro]nically, having pressed for [su]ch progressive labour laws as [th]e Employment Protection Act, [th]e Sex Discrimination and [E]qual Pay Acts, and the Health [a]nd Safety at Work Act, the [tr]ade unions have found them[se]lves in the somewhat em[ba]rrassing position of lacking [th]e expertise in making sure the [la]ws are fully implemented.

Companies and employers org[an]isations, however, have not [be]en so slow off the mark—thus [tr]ade union negotiators have [fo]und themselves at a distinct [di]sadvantage round the bargain[in]g table.

The NUT, one of the more [p]rogressive unions, decided it [w]as vital to train its lay officials [i]n the workings of the new legis[l]ation as well as educate them [i]n the various negotiating pro[c]edures with local authorities. [T]he union has several hundred [b]ranches and the scope for [t]raining members is vast. The [i]ntroduction of Health and [S]afety representatives at work [l]ater this year will also create [a] need for special training.

But while a few other unions [h]ave also recognised the need [f]or training—and are acquiring [s]mall training centres—the NUT [d]ecided to go one stage further. It decided to buy a country house large enough to accomodate not only its own training and education needs but also to run as a commercial operation and take on conferences and training courses for other unions, companies, and local authorities.

This decision led it to become interested in Stoke Rochford Hall, six miles from Grantham in Lincolnshire. The Hall was being used as a college of education but because of the Government's cut-back in public expenditure—ironically a policy that the NUT has vigorously opposed—it was forced to close. The last students are just completing their training to become teachers and the NUT will start its own courses from October.

But as the Hall was a college the union has bought not only an outstanding Victorian house but also purpose-built accommodation and facilities for use as a training centre. Thus the residential accommodation for 100 people is set away from the main Hall in purpose built buildings with each bedroom having its own wash basin.

Inside the Hall itself there are 25 teaching or seminar rooms, laboratories, lecture halls, and closed circuit television. There is also room for a 500-seat conference to be held. Outside, there are sports facilities including a swimming pool, tennis courts, and gymnasium.

Such luxury is a far cry from the traditional cloth-cap image of the trade union movement. But if the trend gains popularity perhaps the unions will replace the Arabs as the inheritors—and saviours — of Britain's country estates.

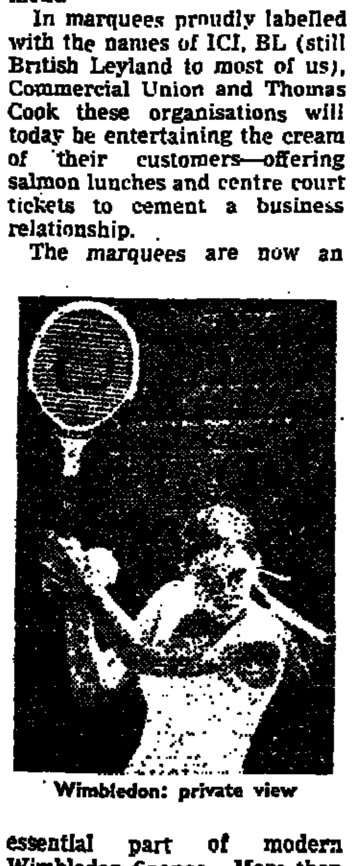
Stoke Rockford Hall.

Ball games

Careless wanderers who miss their way among the crowds at Wimbledon today and somehow pass the uniformed attendants at discreet gateways behind courts 12 and 14 will find themselves in a different world. Far removed from the roar of the Centre Court crowds and the hustle of the concourse is an area where the main sounds are the tinkle of Champagne glasses and the muted tones of large-screen colour television sets. This is the world of private entertainment.

In marquees proudly labelled with the names of ICI, BL (still British Leyland to most of us), Commercial Union and Thomas Cook these organisations will today be entertaining the cream of their customers—offering salmon lunches and centre court tickets to cement a business relationship.

The marquees are now an essential part of modern Wimbledon finance. More than 30 companies are involved this year, with names such as Hertz, Seagram, BP and Barclays Bank neatly signposted along with Colgate, IBM and Wilkinson Match, with ICI and Commercial Union vying for prize of the biggest showing and BL offering one of the more modest presences.



Wimbledon: private view

Between the two an average sized marquee costs around £20,000 for the two weeks of the tournament. For that the company gets a very pleasantly laid out tent decorated in corporate colours. Included in the deal are more than two dozen tickets, some for the centre court and some for No. 1 court for each of the days of play. Not included is food: the hosts choose from three basic menus, and liquid refreshment. Most of the host companies also hire one or two colour television sets, and video recorders to play back the most important matches. The arrangements can, of course, vary.

The companies to which I spoke thought it a splendid deal, "cheaper than taking each of your guests to lunch individually and more effective," said one gleeful marketing man. The trouble is that the shrewd contact can judge his status with his hosts by the day of the week on which he has been invited. I managed an afternoon early last week, but have actually met people who rank a finals Saturday ticket. Status indeed.

Knocking copy

Mr. Dee W. Hock, president of the Visa International credit card organisation, has been going to town this week. On Thursday he announced from his California headquarters plans to introduce a new travellers' cheque service under the Visa banner and its blue, white and gold colours.

The idea was received with something less than overwhelming enthusiasm by Visa's UK member, Barclays Bank, which already has its own travellers' cheque service. But Mr. Hock, while agreeing that the proposal might not go ahead if it failed to meet a strong enough response, made his own enthusiasm for the idea quite plain.

In a Press announcement of uncommon length, he also made quite clear who his main target was. Obviously, the biggest competitor in travellers' cheques is going to be American Express, which holds about 60 per cent of the business. But it was the arch-rival Master Charge organisation that Mr. Hock was gunning for.

He had already had a go at this target earlier in the week, in a release of unusual stridency setting out Visa's claim to have overtaken Master Charge in the international credit card market. A few sample quotes will indicate the tone.

"In 1970," Mr. Hock said, "Visa had only 40 per cent of the bank card market and Master Charge enjoyed 60 per cent. Master Charge is losing its share of the market at an accelerating rate. Now that most banks are offering both cards, it is clear that they and their customers prefer Visa."

He returned to the battle on Thursday. It evidently rankled that Master Charge had beaten Visa to the draw by announcing plans for a dollar travellers' cheque under its own name last month. Mr. Hock, though, was openly and sharply critical of the formula proposed by the New York-based Interbank, the owners of Master Charge.

In almost every way, he suggested, the Visa plan was superior. It would enjoy the advantage of the world-wide common name adopted by the Visa members, but without involving the expense of having to set up a separate company to issue the new cheques. Members who decided to join in would not have to provide any loans or guarantees to Visa and would suffer no penalties if they decided later to withdraw. And the cheques could be made available in any number of currencies.

Mr. Hock was clearly looking forward to the battle in the market place.

Contributors:
David Churchill
Arthur Sandles
Michael Blanden

Economic Diary

[T]ODAY—Mr. Anthony Wedgwood [B]enn, Energy Secretary, is among [s]peakers at Fabian Society con[f]erence on "North Sea Oil: the [P]olicy Options," at 31, Wellington [S]treet, WC2.

[S]UNDAY—British Steel Corpora[ti]on increases prices of most [st]andard products by about 5 per [c]ent.

MONDAY — European Central Bankers begin two-day monthly meetings, Basle. National Union of Railwaymen's annual conference opens, Llandudno (until July 14). Trial due to begin at Old Bailey of Mr. Graham Barton, a former Leyland employee, in "slush-fund" letter case. Financial Times City University two-week course on Financial Management for the Non-Financial Executive opens at City University, St. John Street, EC1. Wholesale price index (June, provisional). Appropriation account of industrial and commercial companies (first quarter).

TUESDAY—Second preliminary hearing of Tribunal of Inquiry into Crown Agents' losses on secondary banking and property activities (public hearing begins on September 11). House of Lords Select Committee dealing with legislation to counteract Arab boycott meets European Commission members in Brussels. Central Government financial transactions, including borrowing requirement (June). London clearing banks' monthly statement: and UK banks' eligible liabilities, reserve assets, reserve ratios and special deposits (mid-June). Provisional figures of vehicle production (June).

WEDNESDAY—TUC Economic Committee meets. Reception by Mr. Denis Healey, Chancellor of the Exchequer, at 11, Downing Street, SW1, to mark 100th edition of "Economic Progress Report." Final report of Royal Commission on Gambling. India holds sixth of seven fortnightly gold auctions.

THURSDAY — By-elections in Labour-held seats at Penistone and Moss Side. White Fish Authority annual report. Index of industrial production (May, provisional).

FRIDAY—Verdict expected at Glasgow Sheriff Court in case of Sir Hugh Fraser, deputy-chairman of Scottish and Universal Investments, and four others, charged with offences under the Companies Act. Retail price index (June). Balance of payments figures (June). Building Societies' receipts and loans (June). Usable steel production (June).

COMPANY NEWS + COMMENT

Thorn tops £110m—plans dividend boost

TOGETHER WITH better than expected profits, Thorn Electrical Industries announces plans for a U.S.$25m Eurobond issue and is taking the opportunity to give shareholders a 72 per cent. boost in their dividend income for the year ended March 31, 1978. The shares reacted strongly on this news and closed the day 26p higher at 338p.

Group pre-tax profits for the year at £110.3m show a rise of 8.2 per cent compared with a midterm forecast of a result broadly similar to last year. All UK divisions improved but there was a downturn overseas.

The issue is being made to refinance part of the group's non-sterling borrowings and to provide additional working capital for the foreign subsidiaries. It will take the form of convertible guaranteed bonds 1988 and will be made through a newly formed subsidiary, Thorn International Finance BV.

In connection with the issue and to assist in its marketing, the group obtained Treasury permission for an increase in the dividend level on the successful underwriting of the issue. Subject to this condition the directors intend to declare a second interim dividend of 9p prior to July 31 when current dividend legislation expires. This payment would take the year's total up to 11.45p—an increase of 72 per cent over the 6.65p paid for 1976-77.

The increased dividend will be covered 3.5 times. The directors say that if ACT is reduced to 33 per cent it would be inappropriate to declare a further dividend out of the small additional sum which would become available.

External turnover passed the £1bn mark for the first time in 1977-78 and at £1.09bn compares with £992.9m previously. Providing for tax and minorities, etc. the balance attributable to ordinary holders comes through at £54.8m against £49.4m, giving earnings per 25p share of 40p (36.1p).

The directors point out that the accounting treatment of AWA-Thorn Consumer Products (an Australian company in which the group has a 50 per cent interest) has been altered. Because of a changed relationship with other Thorn subsidiaries it is now considered appropriate to include in results only the 50 per cent share attributable on an associate basis.

Commenting on the year's trading Sir Richard Cave, chairman, says that in the main product businesses the group continued to trade positively to retain and where possible increase market shares and to launch new products.

The better UK figures reflect capital investment in the factories to improve efficiency and to contain costs of manufacture. The results of Thorn Lighting are now reflecting the benefits of the investment programme in high technology light sources. The market for lighting products in the UK showed little improvement but exports showed considerable growth. Industrial disruption, however, caused a serious loss of profits.

The overseas results reflect the intense competition in consumer electronics and lighting. Overseas television rental offshoots are progressing and should become increasingly significant in the future.

Thorn Television Rentals achieved further growth in its market and offset difficulties encountered at Thorn Consumer Electronics. AWA-Thorn incurred a loss.

Despite various difficulties the chairman believes that reasonable results will be achieved by the group in the current year.

The tax charge includes full provision for deferred tax of £28.9m (£21.3m) made up of £19.7m (£15.8m) in respect of stock relief and first-year allowances on fixed assets and £9.2m (£5.7m) in respect of rental equipment and other timing differences.

	1977-78 £m	1976-77 £m
External turnover	1,091.9	992.9
Home	852.0	801.5
Overseas	339.9	285.7
Less internal	100.0	94.9
Trading profit	207.5	191.2
Depreciation	97.1	92.9
TV sets on rental	76.2	65.4
Fixed assets	20.9	17.5
Financing charges	6.1	6.4
Profit before tax	110.3	101.9
Taxation	54.5	50.9
Net profit	55.8	51.0
Minorities and pref. divs.	1.0	1.6
Attributable to ordinary	54.8	49.4
Extraord items	[illegible]	6.1
Ordinary dividends	15.8	8.8
Retained profit	35.0	46.7

* Rationalisation costs in Thorn Consumer Electronics.

PROFIT ANALYSIS—

UK companies:		
Consumer electronics	60.4	65.4
Domestic appliances	19.0	15.2
Lighting	10.9	[illegible]
Engineering	14.1	12.1
Total	105.4	97.6
Overseas companies:		
Consumer electronics	5.0	7.7
Domestic appliances	5.6	3.5
Lighting	[illegible]	[illegible]
Engineering	[illegible]	2.6
Total	11.0	14.5
Group total	116.4	[illegible]
Financing charges	6.1	6.4
Profit before tax	110.3	101.9

Gross cash flow totalled £162.0m compared with £153.9m last year and capital expenditure totalled £131.8m (£124.2m) comprising £87.9m on rental equipment (£89.7m) and £43.9m on fixed assets (£34.5m).

Total overdrafts at March 31 after deducting cash in hand, totalled £44.7m, very close to last year's figure of £42.6m, but within that total overseas net borrowings increased by £5.9m while UK net borrowings decreased by £3.8m.

See Lex

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Anglo-American Secs. int.	1	‡Aug. 25	1	—	3
Benn Bros. .... 2nd int.	1.56	Aug. 24‡	1.42	2.36	2.12
Christy Bros.	3.2†	—	1.02	4.2†	1.02
B. Fertleman	nil	—	0.46	0.4*	0.81
Hambros	5.85	—	—	9.61	8.61
Lennons Group	1.25	Aug. 26	1.12	1.67	1.49
SUITS	5	Aug. 26	2.57	7.26	4.89
Tyndall O'seas £ 2nd. int.	25.05	Aug. 31	22.65	46.5	45.75
UK Property	0.33	Oct. 24	nil	0.33	nil
Warner Holidays	0.93	—	0.81	1.28	1.16
Sotheby .... int.	3	Aug. 31	—	—§	—

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and or acquisition issues. ‡ Corrected. § Final of 5.5023p forecast. ¶ Gross throughout.

Lennons Group finishes £163,000 lower

A FURTHER decline in taxable earnings in the second six months at Lennons Group left the total for the year to April 1, 1978, down at £1.48m, compared with a record £1.65m for the previous 53 weeks.

At halfway, when the surplus was £67,923 lower at £740,653, the directors said that the results had been distorted by additional interest charges amounting to £94,305, relating to forward buying of wines and spirits for the Christmas trading.

They now say that the outlook for the current year is more encouraging as management accounts show enhanced food margins which will lead to greater profitability and they are confident of the performance of the wines and spirits subsidiaries.

Financially the group has never been stronger. Liquidity has been considerably improved and the first repayment, of £200,000, has been made on the £1m medium term loan from National Westminster Bank.

A net final dividend of 1.24588p per 10p raises the total for the year to a maximum permitted 1.66848p (1.49408p). Waivers amounted to £25,107 (£20,076).

Wines and spirits profit rose 27 per cent to £685,174 (£539,332) but due to unprecedented competition there was a 28 per cent decline from £1.11m to £797,522 from food.

Even so, the group maintained its share of the shrinking food market, at the expense of lower margins, and is now in a position to take advantage of the more favourable trading conditions already appearing. The fresh food operation played an important part in sustaining market share, Mr. D. P. Lennon, the chairman, points out.

Retained profits has been restated to comply with the latest accounting recommendations. As a result £1.98m was transferred to members equity.

Mr. Lennon has waived all but a nominal 0.1p on his personal holding of 2.01m shares.

	1977-78 52 wks. £	1976-77 53 wks. £
Sales	64,117,524	58,309,115
Pre-tax profit	1,482,696	1,645,614
Tax	183,491	182,430
Net profit	1,299,205	1,463,184
Interim dividend	98,595	88,094
Final dividend	290,015	281,755
Retained	758,418	349,579

Sales were ahead to £64.12m (£58.51m) and profit was struck after depreciation of £526,384 (£416,637). Tax took £193,491 (£182,430) and the net balance emerged at £1.29m (£1.46m). The tax charge consisted wholely of ACT which has been treated as irrecoverable as there is no liability to mainstream corporation tax. The comparative figure has been restated.

The company's wines and spirits trade remains buoyant and profitability on food is increasing and getting back to normal levels, the directors say.

The Board has continued its policy of buying the freeholds of existing stores where possible, "thus avoiding the impact of vicious rent reviews."

● comment

After eight years of consecutive growth, pre-tax profits at the Lennons Group are 8 per cent down on sales 12 per cent ahead. Like its competitors the company has clearly suffered in the High Street price war but it has not been able to increase sales sufficiently to offset the damage to margins—on the food side these fell a full point at the gross level. The current year, however, has apparently seen some improvement. The most successful division however, is wines and spirits where profits have increased six times in the last four years. During this period off-licenses, some of which were converted from uneconomical food stores, rose from 68 to 96. Meanwhile, the balance sheet is looking much healthier. Last year borrowings amounted to 88 per cent of shareholders funds but with stocks down £3.5m the overdraft has dropped from £2½m to £1m. Cash on deposit is almost £1m, and with the boost from deferred tax, net borrowings are under £½m, against shareholders' funds of £6.9m. At 32p the shares stand on a p/e of just over 6 and yield 8.2 per cent.

Hunting allotments

The basis of allotment in connection with the offer for sale of 2.7m ordinary shares at 85p per share in Hunting Petroleum Services was announced yesterday by merchant bankers Robert Fleming. The offer was over-subscribed by about three and three quarter times.

Preferential applications from employees of Hunting Petroleum and existing shareholders of Hunting Associated Industries and Hunting Gibson have been dealt with as follows—For up to 2,500 shares—in full, from 2,600 to 7,500 shares—2,500 shares, over 7,500 shares—about ⅓ of application.

General applications have been dealt with on the following basis —From 200 to 1,000 shares—200 shares, over 1,000 shares—about 1.5 of application.

Renounceable letters of acceptance, together with balance of moneys where applicable, are expected to be posted on July 10 for dealings to commence on July

Profit was up from £133,323 to £211,296 on the back of a £1.79m increase in turnover to £4.57m.

Stated earnings per share were higher at 11.9p (7.9p) and on a recovery basis a net final dividend of 3.2p per 25p share takes the total to 4.2p (1.01536p) per share, 20 per cent more than the forecast of 3.5p made at the time of the one-for-four rights issue in December.

After a half-time rise in profit to £68,000 (£39,000) the directors pointed out that results for the second six months normally exceeded those for the first half.

	1977-78 £	1976-77 £
Group turnover	4,567,000	3,076,000
Operating profit	280,734	235,296
Interest	69,438	101,973
Pre-tax profit	211,296	133,323
Tax	56,904	10,146
Net profit	154,392	123,177
Extraordinary debits	5,991	92,497
Available	175,401	30,684
Dividends	54,756	17,730
Retained	120,645	12,954

Profit up at UK Property

A FURTHER rise in profits and a resumption of dividend payments are announced by United Kingdom Property Company, for the year ended March 31, 1978.

From higher turnover of £13.32m, against £12.96m, profits before tax progressed from £850,000 to £874,000. The dividend is a single 0.33p—the last payment was 0.134p in 1973-74.

When reporting the sharp recovery from £4,000 to £238,000 at midway, the directors said they were optimistic about earnings in the second half and expected these to be not less than those earned in the first six months.

Mr. M. D. Moross, chairman, now says that once again, with guarded caution, he views the current year optimistically.

Earnings per 25p share for the year are shown at 1.65p (1.64p). After tax, £169,000 (£109,000) and minorities of £13,000 (£53,000) attributable profit amounts to £692,000 (£688,000).

There are also extraordinary debits of £9,000 (£681,000) and £545,000 (£7,000) is retained.

Christy Bros. 60% higher

A 60 per cent jump in taxable earnings and a better than forecast dividend is reported by Christy Bros., the mechanical and electrical engineering group, for the year to March 31, 1978.

Fertleman dives into deficit

THE DEPRESSED level of sales seen in the first six months at B. Fertleman and Sons, furniture manufacturer, persisted into the second half and for the year to March 31, 1978, the group shows a fall from a pre-tax profit of £378,349 into a loss of £121,612. Turnover ended lower at £3.61m, compared with £4.82m.

Because of this setback the board is passing the final dividend leaving net total for the period at 0.396p (0.8125p) per 20p share. Last-time earnings per share came out at 8.36p.

Although overseas sales were higher during the year, sales to the home market suffered a considerable decline. Positive action has however been taken to reduce overheads in line with this lower demand.

At halftime the surplus dropped to £21,163 (£146,385). The directors said then that there had been an extremely low level of demand in the UK and also explained that as fixed costs accounted for a major part of overall costs, the fall in profits had been proportionately greater than in turnover.

Sotheby £2.4m so far: pref scrip

REVENUE up from £10.63m to £13.64m and pre-tax earnings ahead at £2.44m against £1.94m are reported by the Sotheby Parke Bernet Group for the six months ended February 28, 1978.

As stated in the June 1977 offer for sale, results for any period less than a full year are not necessarily indicative of those for 12 months. However the level of business this year will show a significant increase compared with last year's auction sales of £123.94m, the directors say.

This year's sales will include £18,437,000 from the recently completed sale of the Hirsch collection.

The directors are declaring an interim dividend of 3p net and intend to recommend a final of 5.5023p making 8.5023p—equivalent to the 12.69p gross forecast in the prospectus.

Tax charge in the half year is £1.19m (£998,000) leaving net earnings at £1.25m against £946,000.

The directors are also issuing by way of capitalisation of reserves, 2,725,000 new 9½ per cent £1 cumulative preference shares on the basis of one new preference for every four ordinary. An EGM is on August 1, 1978 to approve an increase in the authorised capital.

It is further proposed that shareholders will receive preference dividends at an annual rate of 2.3750p for each ordinary now held.

This, when added to the total ordinary dividends for this year, gives an aggregate of 10.8773p, equivalent to a gross dividend for a full year of about 16.2348p per share now held.

This represents an increase of 27.9 per cent over the 12.69p ordinary dividend payments forecast.

See Lex

Hambros profit reduced by shipping provisions

THE MERCHANT banking and general business activities at Hambros produced an 8½ per cent decline in net operating profits for the year to March 31, dropping from £5.46m to £4.99m. Extraordinary gains from investments and other items have, however, increased the total disclosed profit to £8.86m (compared with £8.04m).

As a result Hambros is paying the maximum permitted dividend since this will still be covered 4.3 times. The final is 5.84675p net raising the total to 9.60925p compared with 8.6125p.

The key element in the downturn in the main business areas, as has been expected for the past fortnight on the basis of the news on Hambros' Norwegian shipping loans, is the need to make provision against these loans.

The directors said yesterday that they have taken the view that "substantial specific provisions should be made against our Norwegian shipping loans. While these provisions have been made largely by transfer from inner reserves they have also affected profits for the year."

These provisions are the reason for the reduced figures from banking and group operations. They are believed to be "realistic in all the circumstances and at present day values."

Earnings per 25p share before investment gains and extraordinary items are shown to be down from 25.74p to 23.55p.

The directors point out that very few orders are being placed for new tankers, and the rate at which old tonnage is being scrapped is increasing. These factors, together with a gradual increase in world trade, will in due time restore the necessary balance of supply and demand.

Negotiations with the Norwegian Guarantee Institute in which Hambros is co-operating together with the other major creditors of the relevant companies, have not been concluded.

In other respects the directors feel that the merchant banking business has had a highly successful year. The group has continued to develop new activities, many of them overseas, which it is believed will benefit future years. The two principal associates, Berkeley Hambro Property Company and Hambro Life Assurance both increased their contribution to earnings.

SUITS makes £6.34m and pays 5p final

TURNOVER, profits and dividends of Scottish and Universal Investments for the year ended April 1, 1978 are all in line with estimates made in May by the three SUITS directors opposing the bid from Lonrho.

The results show turnover up 19 per cent to £69.76m, pre-tax profits ahead 44 per cent to £6.34m, and the final dividend is 5p per share making 7.26p compared with 4.89p previously.

In the document sent to shareholders outlining their opposition, Mr. H. W. Laughland, chief executive and Mr. J. B. Anderson and Mr. H. Cowan, two directors, estimated turnover up 19 per cent to £69.53m and profits before tax of £6.35m against £4.4m, and felt these results would justify a final dividend of 5p.

In the April offer document from Lonrho, shareholders were to be offered a second interim dividend of not more than 4p net. The Lonrho offer has now lapsed following its referral to the Monopolies and Mergers Commission.

It was subsequently stated that Lonrho did not intend to dispose of any part of its holding in SUITS. The status quo on the SUITS board would remain and Mr. R. W. Rowland would continue as chairman.

In their report, with the 1977-78 accounts the SUITS Board says that due to tax on an ED 19 basis, the improved profits are not reflected to the same extent in the improvement in net earnings per share which rose to 15.94p against a restated 15.84p. The estimated earnings per share were shown at 16.01p (15.85p).

Printing, publishing and bookselling profits rose 25 per cent largely due to improved profitability from the newspaper publishing companies. Results from the Danish subsidiary were disappointing but steps have been taken to rationalise this company's trading.

The whisky division traded in volume terms at a satisfactory level but the progress in this area has been difficult due to continuing market conditions, the directors say.

Results in Engineering have been been helped by better trading conditions together with a contribution to profits from the acquisition of Sportworks in November 1977 while soft drinks have shown a satisfactory return to profitability.

The textile sector have benefited in the period under review as a result of the disposal of fixed assets following a fire in July 1977. The improvement in underlying profitability at the associated company has continued and there is a satisfactory order book.

Warner Holidays

AS ANTICIPATED in November continuing improvement was achieved by Warner Holidays in the second six months of the year to March 31, 1978, with taxable earnings up from £234,926 to £316,110 taking the full-time total to a record £617,110, against £477,926.

Gross revenue for the 12 months reached £7.35m (£6.59m) and, after tax of £249,951 (£156,000), earnings per 10p share were up from 3.77p to 4.31p. The net total dividend is stepped up to 1.2775p (1.136p) with a final of 0.9275p.

There was an extraordinary credit this time of £729, compared with a debit of £41,292.

BIDS AND DEALS

Tenneco gets the 'all clear'

Tenneco can now proceed with its £115m bid for full control of Albright and Wilson—the UK's second largest chemical company —having successfully overcome the hurdles of possible trade union and Government opposition.

The U.S. industrial group was told yesterday that its offer will not be referred to the Monopolies Commission and that the necessary exchange control consents have been granted.

This follows the assurances given by Tenneco on future employment and management strategy at Albright. These had been sought by both the Government and the trade unions representing the Albright workers.

The General and Municipal Workers Union—the largest at Albright—said yesterday that it was withdrawing its opposition to the deal in view of Tenneco's assurances.

Tenneco — the 19th largest industrial company in the US—is bidding 193p a share for the 50.2 per cent of Albright it does not already own.

The deal has the backing of the Albright board and Tenneco said yesterday that it now intended posting its offer document to shareholders "on or around July 14."

Yesterday Albright shares rose 3p to 186p.

SANDVIK SPELLS OUT LOGIC

The formal offer document has been despatched to the shareholders of Spooner Industries by Sandvik. The chairman of Sandvik writes that the offer of 80p cash per share represents a premium of 23 per cent above the Redman Heenan offer and 37 per cent above the middle market quotation for the Spooner ordinary shares on the day before the first announcement of Redman Heenan's offer.

He is convinced that the industrial logic behind the offer is irrefutable and points out that the offer price represents 11.[illegible] times the average of Spooner's post tax earnings (ignoring exchange adjustments) for its last five financial years and 12.9 times the average of such earnings for its last three years.

Mooloya adds 1p to terms

Mooloya Investments has increased its cash bid for Customagic Manufacturing, the furniture group, by 1p per share as ordered by the City Takeover Panel on Thursday.

The company has also accepted the Panel's ruling that it should not pay a fee of £38,625 to Gras d'Eau Consultants for securing the acceptance of certain Customagic shareholdings.

Mr. Michael Gampell, chairman of Mooloya, said that the non payment of the fee would not affect the 1.4m shares acquired through Gras d'Eau—representing a 26 per cent stake in Customagic.

Meanwhile, Customagic's "independent" directors said last night that they had unsuccessfully attempted to persuade Mooloya to extend its bid for a further seven days following the Panel's ruling that the offer should be increased by 1p.

Customagic's advisers said that they would make a further statement, by July 11, once Mooloya announced its position with regards acceptances.

Mooloya disclosed in its formal offer document last month that it agreed to pay Gras d'Eau, a Jersey consultancy company, a fee for securing the transfer of 1.4m shares from certain Customagic shareholders including four members of the Terry family.

Together with those acceptances, Mooloya claimed that it controls 47 per cent of the Customagic equity.

Talbex deal strengthens links with Artoc

The links between Artoc Holdings, the Bahamas-based merchant bank with strong Middle East connections, and Talbex Group have been strengthened considerably through a deal worth £927,000 by which Talbex has agreed to acquire A. P. Skelton (M and G) from Artoc.

The purchase price—conditional on Talbex shareholders' approval—is £500,000 cash and the allotment of 2.25m new Talbex shares of 5p each to Artoc. The aggregate consideration of £927,000 is based on Talbex's middle market quotation of 19p on July 6.

The key to the deal is the share issue which will give Artoc 9 per cent of Talbex. But clients of Artoc (WoBaCo Trust and the Iranian Investment Co) already hold around 24 per cent, which will be diluted to 21.4 per cent after the share issue.

So Artoc's direct and indirect control of Talbex increases to just over 30 per cent. Because this would trigger off a bid, Artoc is reducing its clients' holdings by 130,648 shares.

At the same time Talbex strengthens its capital base, which puts it in a better position to make other acquisitions in the UK—a stated objective of Artoc's. It also gives it Skelton, a light engineering company in the UK, which, with its overseas connections, strengthens Talbex's export potential.

Discretionary clients of Artoc and the directors of Talbex who are also directors of Artoc have undertaken not to vote at the extraordinary meeting on July 31, which is being held to seek approval for the acquisition.

At March 31, 1978, net tangible assets of Skelton were £755,943; turnover for 1977/78 was £2.7m and pre-tax profits £308,074. The directors forecast an improvement in the current year.

Talbex directors believe that opportunities exist for further expansion in the light engineering sector. Earlier this year Talbex, whose interests include packaging and toiletry, bought James Warren, insurance brokers.

Artoc's other UK acquisition, include a 23 per cent stake in Hoskins and Horton, medical equipment suppliers, but Talbex is Artoc's main vehicle for expansion in this country.

It is also announced that Mr Roger Pinnington, a former deputy managing director of Jonas Woodhead and Sons, has been appointed to the board of Talbex. Mr. Pinnington is also a former chief executive of Cam Gears in the UK, TRW Italia and Cam-TRW (South Africa).

HOUSE OF FRASER PAYS £2.8M FOR WELSH STORES

HOUSE OF FRASER has acquired David Evans and Company (Swansea) for about £2.8m.

The consideration has been satisfied by the issue of 2,113,20[illegible] ordinary shares (1.7 per cent of the present Ordinary capital). Of the consideration, 843,194 shares have been sold on behalf of those Evans holders who wished to receive cash.

Evans operates two retail department stores in South Wales with a turnover of £6.4m for the year ended January 28, 1978. The main store is at Swansea and the other store is in Cwmbran. Fraser intends to continue and develop the business.

BTR IN U.S.

Yet another UK aquisition in the U.S. appears to be on the cards with S.W. Industries—a subsidiary of the BTR—currently involved in take-over talks with Lindsay Wire Weaving of Cleveland.

Negotiations are thought to be at an advanced stage with Lindsay, which manufactures paper mill wire cloth and forming fabrics, and a statement is expected to be made later next week.

Fluidrive accepts £5.5m offer from AE

A week after rejecting a £5m share bid from Thomas Tilling, the directors of Fluidrive Engineering have agreed to recommend a £5.5m share and cash offer from Associated Engineering.

The latest offer is three AE shares for every four Fluidrive shares which values the company at 81p a share at yesterday's AE closing price of 108p, or 80p a share cash. The rejected offer was five Tilling shares for every eight Fluidrive shares which, at yesterday's closing price of 115p, values Fluidrive at 72p.

AE directors said that as part of an on going review of future product and market developments they had decided some time ago that the power transmission field was worth investigation. Fluidrive was one of the companies on their list because it represented an excellent base on which to build a comprehensive product range. With access to AE's marketing, engineering and financial strengths they expect it to become a major force in world markets.

The AE share price fell 4p to 106p but it was due to a comment that directors were less optimistic about profits for the second half than they were at the time of the interim statement rather than a market reaction to the bid. Directors added that it was their intention, subject to legislation, to lift total dividend payment to 8.18 gross, an increase of 15 per cent.

Outlining the reasons for the acceptance recommendation, Fluidrive's managing director, Mr. R. M. Miles said that it was the better deal for shareholders. "The chairman gave seven specific reasons for rejecting Tilling's bid," he said, "Associated Engineering have got five of the seven right and the other two half right."

NEWEY GROUP

The bid by William Prym-Werke KG for Newey Group has been accepted in respect of 1,547,313 ordinary shares, 84.1 per cent of those shares subject to the offer. Prym holds or has acceptances for 88 per cent of the ordinary shares. The offer is now unconditional and remains open.

ANOTHER DISPOSAL BY REED

In a £2.8m deal Reed International has agreed to sell its Coated Specialities subsidiary to Bunzl Pulp and Paper. This pushes up the total cash raised by Reed through disposals in the last 12 months or so to above £41m.

The programme of disposals is part of the group's stated intention to put its mainstream business on a more secure financial footing to reduce the company's debt to equity ratio.

All the disposals have been either loss making or activities outside of the group's mainstream businesses.

Coated Specialities, with net assets valued at £1.2m, falls into the latter category. Pre-tax profits for the year to April 30 amounted to £390,000.

Bunzl said that the acquisition will expand its range of laminated self adhesive materials for the graphic arts industry.

WETTERN REJECTS

The Wettern family is maintaining its stiff opposition to the bid from W. and J. Glossop for Wettern Brothers—in which the family has a near 30 per cent stake.

Yesterday, the Wettern Board rejected Glossop's latest offer of 120p a share—increased from 95p —which values the company at just over £2m. To date the Wettern family and supporters controlling a 53 per cent interest have successfully blocked Glossop. The Wettern Board is also advising other shareholders not to accept the bid.

UNIT TRUSTS

Two novelties for investors to consider

There are two novelties for would-be investors to consider this weekend. The first is a public offer of units in the brand new Government Securities Trust launched by Arbuthnot in the Channel Islands. Not that the idea of a gilt-edged fund offshore is novel: there are any number of them, catering to the needs of overseas residents who like the level of British interest rates. What is unusual is to see such a fund promoted on the mainland, where for technical reasons most offshore managers are severely inhibited in their advertisement.

There are two classes of share in the new fund: capital shares, which are available only to overseas residents, and income shares, which residents of the U.K. and Jersey can acquire. The great advantages to investing in a gilt-edged fund offshore are as follows: firstly, taxation on the fund itself is minimal (in contrast to the situation on the mainland, where fixed interest funds are effectively double taxed); and secondly, the dividends are paid gross. Arbuthnot anticipates that the income shares in the new fund will yield, initially, more than 12 per cent per annum. But a word of warning to those to whom the idea of such income is appealing: It will not grow. It should not form more than a part of a portfolio constructed for income.

The second novelty is a new single premium life-assurance bond, brought out by British National Life Assurance and one of the most respected names in the investment business, Framlington fund managers. The new bond—which will be limited to a total subscription of £1m—will link premium payments to units in Framlington's Capital Trust.

This apart, the week sees the reappearance of some old favourites: the high income funds. Save and Prosper is offering its High Return Unit Trust, on an initial yield of 8.66 per cent (minimum investment £250), while Chieftain's High Income Trust is also on offer at an estimated current gross yield of 9.64 per cent. The portfolio of the latter (minimum investment accepted: £250) contains some fixed interest shares, which explains why the yield is rather the better.

However, the overseas funds which have made much of the investment running this year are not entirely neglected. Crescent fund managers—who have formidable experience in the Far East in their investment trust capacity —have launched a new Tokyo Fund (minimum investment £1,000) to take advantage of the strong economic growth and strong stock markets in that part of the world.

The M and G Group remains faithful to the U.S. market. Despite the recent fall in share prices there, this week investors are offered units in its American and General Fund. The fund is intended to provide capital growth by investing in a wide range of American securities, and the yield is 1.96 per cent gross.

Finally, Target Trust Managers is offering its Special Situations Fund—the old Coyne Growth fund with its portfolio revamped. The new investment aim is to concentrate on asset and take-over situations, recovery stocks and shares with high dividend cover. The yield is 4 per cent gross, so this fund will only interest investors seeking capital appreciation.

Results due next week

Several major companies are due to report results next week. Final figures are expected from Wilkinson Match and the Distillers Company—two groups involved in controversial events in recent months. Preliminary results are also due from H. P. Bulmer and the Imperial Group while Henry Wigfall and United Gas Industries (with finals on Monday and Thursday respectively) and the Macpherson Group (interims on Tuesday) are among the smaller companies to watch.

Most analysts have prepared two estimates for the Distillers' preliminary figures, due on Thursday. A question mark hangs over the treatment of United Glass where the company has a 50 per cent stake. In the past profits have been taken below the line but some brokers feel profits this time may be included pre-tax. Forecasts therefore fall in the unusually wide range of £154m-£165m (£130.4m). The contribution from United Glass is likely to be about £5m. Since the row over dual pricing with the EEC and the withdrawal of Johnnie Walker from the UK, much attention has been focused on the possible loss of market share. It is well to remember, however, that only 3m of the 35m cases sold last year went to home buyers—a mere 8 per cent of the total. More important is the apparent growth in the US (despite a price war in some states) and the potential in South American markets.

Advance warning of an interim pre-tax profit fall in the current year relative to the same period last time has been given by the Imperial Group and accepted by the market. The consensus among analysts points to a figure of £55m compared with £67.4m. Poor trading conditions in the food sector and the tobacco industry are responsible for the profit slide and analysts will be scanning carefully Thursday's statement from the company for indications of performance from these two areas in the second half. The share price is supported to some extent by its high yield (11.4 per cent) and the company's attitude to dividend policy will be closely watched. Last year it elected to pass on the bulk of the allowed increase in the interim dividend. Analysts are divided on whether the company will repeat the exercise or announce a steady interim.

Interim profits at Wilkinson Match were up by a fifth and the company has already said that second-half growth will be of roughly the same order. Forecasts of the first figures since Wilkinson effectively came under U.S. control are therefore largely grouped in the £14m-£15m range (£12.3m). The controversial deal with Allegheny Ludlum has somewhat overshadowed the company's recent trading performance. The group is still digesting the problems of the British Match merger while razor blade profits could come under pressure. The cost of closing the troublesome Italian marketing operation however, was met in the first half. Meanwhile, the benefit of the American connection could be access to the U.S. military and aviation market which will mean a boost for Wilkinson's safety and protection division.

Estimates of H. P. Bulmer's pre-tax preliminary result, which is due next Wednesday, vary depending on the credence given to a market rumour concerning its North American venture. Analysts accepting the rumour that the U.S. marketing operation has proved very expensive in the short-term are going for a pre-tax figure (excluding the already announced £1.25m exceptional item) of £2m compared with last year's record of £3.9m. Those that discount the rumour suggest a figure of £2.4m. The latter figure implies an improvement in the second half of the year (£1.2m against £1m) that goes a small way towards redressing the massive £1.72m drop to £1.2m in the first half caused by poor weather and by the impact of the excise duty introduced by the Government in 1976.

Company	Announcement due	Dividend (p)* Last year Int.	Last year Final	This year Int.
FINAL DIVIDENDS				
Associated Leisure	Wednesday	1.2	1.50256	1.3
British Building and Engng. Appliances	Thursday	1.0	1.4175	1.1
British Dredging	Monday	0.7	Nil	Nil
Bulmer (H. P.)	Wednesday	—	—	4.4††
Carclo Engineering Group	Monday	1.3271	1.3751	1.408
Celtic Haven	Monday	—	0.22516	—
C.H. Industrials	Thursday	0.4575	0.65940	0.737
Crown House	Monday	1.0	2.02714	1.1
Daejan Holdings	Thursday	1.1375	1.7875	1.155
Danae Investment Trust	Monday	1.206	1.4255	1.35
Diamond Stylus Company	Thursday	0.7734	0.5065	0.3511
Distillers	Thursday	2.0125	4.49359	2.695
Elliot Group of Peterborough	Friday	1.03	1.67	Nil
E.R.F. Holdings	Wednesday	1.0	1.18463	1.05
Hollas Group	Wednesday	0.99875	8.29625	0.958
Jacksons Bourne End	Wednesday	Nil	Nil	Nil
Latham (James)	Monday	2.4	4.256	2.65
Macdonald Martin Distillery	Monday	2.6	3.948	3.0
Marling Industries	Tuesday	0.42565	0.46827	0.5
May and Hassell	Monday	0.84	1.95145	0.9582
Mitchell Somers	Thursday	0.33	0.571	1.57
Moorgate Investments	Tuesday	1.0	2.055	1.5
Norton (W. E.) (Holdings)	Wednesday	0.40679	0.40679	0.74257
Oil and Associated Investment Trust	Monday	0.56675	1.75125	0.5775
Ratners Jewellers	Tuesday	0.15962	0.14773	0.17066
Richmans International	Friday	0.66	1.2515	0.77
St Georges Laundry (Worcester)	Monday	0.23	0.14	0.26
Symonds Engineering	Thursday	0.775	0.82965	0.425
Textured Jersey	Tuesday	Nil	Nil	0.5
United British Securities	Tuesday	1.0	2.9758	1.25
United Gas Industries	Thursday	0.8125	2.475	0.99
Vinten Group	Friday	0.375	1.0	0.5
Wallis Fashion	Friday	1.35546	2.27273	1.51515
Watson (R. Kelvin)	Tuesday	1.0	1.1758	1.1
Henry Wigfall and Sons	Monday	—	4.5425	5.0
Wilkinson Match	Tuesday	3.35396	4.92665	3.78177
Wood (S. W.) Group	Wednesday	1.3075	2.29916	1.3075
Wrighton (F.)	Tuesday	—	1.088	—
INTERIM DIVIDENDS—				
Bonser Engineering	Wednesday	0.42	1.0273	
Countryside Properties	Wednesday	0.1625	1.1225	
Dewhurst and Partner	Friday	0.25	0.375	
General Consolidated Investment Trust	Tuesday	1.2	2.35	
Glass Glover	Monday			
Imperial Group	Thursday	2.23	3.41	
Jacksons (J. and H. B.)	Tuesday	0.46625	0.30125	
Macpherson (Donald) Group	Tuesday	0.9428	1.69158	
Neil and Spencer	Tuesday	0.3125	1.164	
Watson and Philip	Thursday	0.76396	1.56738	
Wearra Group	Monday	0.408	0.9	
Yule Catto	Friday	0.8	0.787	

*Dividends shown net pence per share, and adjusted for any intervening scrip issue. † Total dividend forecast at time of rights issue was 2.0p. †† Includes second interim of 2.2p, forecast final of 2.2p. ‡ Second interim.

SUMMARY OF THE WEEK'S COMPANY NEWS

Take-over bids and mergers

Newman Tonks has emerged as the mystery suitor of **Econa**, the Birmingham-based sanitary engineers, which were suspended last week at 72p following the announcement of bid talks. The £4m bid comprises nine Newman shares plus £4.35 in cash for every ten Econa shares. The proposed merger has been given the blessing of the Econa directors who have pledged acceptances in respect of their shareholdings of 6 per cent.

A new diversified and publicly quoted plantations company with a net worth of about £2m will come to the market if plans announced last week bear fruit. The Robinow family and associates are drawing together various plantation interests in Rightwise which until now has been a private company. Rightwise will bid for Deundi Holdings, Gadek Indonesia, and Arbour Court Investments, while Gadek Indonesia at the same time will offer to buy in the 21.9 per cent of Sampang Java which it does not already own. The Robinow family and associates already control Deundi and Gadek Indonesia but not Arbour Court Investments.

Grand Metropolitan is making an agreed bid for Alnwick Brewery, which despite its name is a distributor of a wide range of wines, beers and spirits. Grand Metropolitan is offering £23.25 cash for each ordinary share and £1 for each preference share of the unquoted company.

The board of **Spooner Industries** is opposing the 80p a share cash offer from **Sandvik** which countered an earlier bid of 65p from **Redman Heenan**. Shareholders are advised to take no action and await the board's detailed reasons why it considers Sandvik's offer inadequate.

In the face of stiff opposition from the Wettern family and associates which control a 53 per cent stake, **W. and J. Glossop** has stepped up its offer for the ordinary shares of **Wettern Bros.** from 95p to 120p a share. Glossop, however, is not altering the terms of its 85p a share offer for the preference stock.

Manchester Garages, one of the country's leading Ford dealers, and **Oliver Rix**, its BL counterpart, could announce a merger within the next 10 days. Talks between the two companies are well advanced and the deal has already been cleared by both Ford and BL.

The Takeover Panel announced on Thursday that certain features of **Mooloya Investments'** bid for **Customagic** constitute a "serious breach" of the Takeover Code. It ordered a procurement fee of £38,625, designed to secure acceptance of certain Customagic shareholders holding 1.4m shares out of an issued total of 5.25m, should not be paid. It also ordered that Mooloya should pay another 1p a share in cash by raising its offer to 21p per share.

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid (£m's)**	Bidder	Final Acc'tce date
Prices in pence unless otherwise indicated.						
Albright & Wilson	195*§	183	123	115.04	Tenneco	—
Bridgewater Tst.	6.6*	8	7	0.397	Sagest SA	12/7
Cornercroft	85*	65	56	1.62	Armstrong Equipment	—
Customagic	20*	21	19½	1.05	Mooloya Invs.	—
Eastwood (J. B.)	132*	123	90	31.53	Cargill	—
Econa	94½	91	72	3.91	Newman-Tonks	—
Fluidrive Eng.	73	82	55	5.03	Thos. Tilling	14/7
Fluidrive Eng.	84	81½¶¶	82	5.77	Assoc. Eng.	—
Harrisons Malaysian Ests.	95§	114	90	115.78	Harrisons Crosfield	13/7
Henderson (J.W.)	210*	205	155	5.65	Cement-Roadstone	—
Henshall (W.)	20*	23	18	0.50	Bovbourne	—
Henshall (W.)	30*	23	21	0.75	Petford	7/7
Investment Trust Corp.	268	258	255	84.21	Barclays Bank/ P.O.P.F.	12/7
KCA Intl.	29*	27	28	7.7	Mr. T. Ward	—
Leslie & Godwin	125*	118	116	24.51	Frank B. Hall	—
Lond. Aust. Invs.	152½*	139	123	11.45	Colonial Mutual Life	12/7
Lond. & Liverpool Trust	21*	25	19	0.52	Aschheim Secs. & W. & A. SA Zug	—
Miln Masters	200*	198	163	4.23	Hilleshog AB	—
Mitchell Cotts Transport	82½	79	82	1.26	Mitchell Cotts Group	—
Spooner Inds.	65*	86	53	2.78	Redman Heenan	—
Spooner Inds.	80*	86	77	3.39	Sandvik	—
St. Kitts (London) Sugar	200*	200	170	0.78	Industrial Equity	—
Tridant Group Printers	63*	66	55	2.76	Starwest Inv.	—
Turner Mftg.	145*	141	124	14.50	Dana Corp.	17/7
Wettern Bros.	120*	116	58	2.02	W. J. Glossop	—
Wood & Sons	59½	55	48	2.38	Newman Inds.	19/7

* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ¶ Combined market capitalisation. ‖ Date on which scheme is expected to become operative. ** Based on 6/7/78. †† At suspension. ‡‡ Estimated. §§ Shares and cash. ¶¶ Based on 7/7/78.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Assoc. Newsppr.	Mar. 31	15,461	(12,013)	23.9	(18.9)	5.775	(5.207)
Bambergers	Mar. 31	1,380	(1,880)	6.3	(8.8)	3.232	(3.894)
Bassett (G.)	Mar. 31	3,020	(3,050)	20.1	(22.5)	5.667	(5.136)
Blackman & Conrd.	Jan. 31	163L	(104)§	2.0L	(0.7)§	Nil	(1.375)
Braham Millar	Mar. 31	1,090	(972)	7.9	(7.4)	1.5972	(1.4298)
Braithwaite	Mar. 31	1,020	(1,920)	17.9	(33.6)	7.748	(3.846)
Brickhse. Dudley	Mar. 31	2,020	(1,590)	6.5	(5.0)	2.335	(2.112)
Bristol Post	Mar. 31	1,760	(1,240)	14.4	(10.4)	6.37	(5.739)
Burtonwood Brw.	Mar. 25	1,540	(1,300)	16.9	(14.4)	3.404	(3.095)
Caledonian	Mar. 25	468	(345)	60.5	(41.5)	3.623	(3.244)
Celestion	Apr. 1	1,180	(1,090)	5.1	(3.5)	0.75	(0.429)
Colmore Inv.	Mar. 31	191	(235)	3.3	(5.9)	2.396	(2.173)
Cropper (J.)	Apr. 1	380	(44)	23.0	(2.4)	1.5	(0.75)
Daily Mail Trust	Mar. 31	2,890	(2,660)	17.9	(17.2)	12.781¶	(11.559)
Downing (G. H.)	Mar. 31	1,720	(1,890)	67.0	(41.5)	11.413	(10.376)
Ellenroad	Apr. 8	129	(203)	4.1	(6.4)	2.155	(2.155)
Elliot (E.)	Mar. 31	247	(155)	5.7	(3.4)	2.15	(1.5)
English Card	Apr. 1	2,760	(2,860)	16.5	(22.0)	2.98	(2.62)
Eucalyptus	Dec. 31	1,350	(2,150)	27.3	(33.9)	4.25	(5.0)
Extel	Mar. 31	2,100	(1,760)	11.4	(10.2)	5.415	(4.898)
Gates (F.)	Dec. 31	1,040	(687)	9.9	(6.7)	1.554	(1.412)
GEC	Mar. 31	325,300	(278,300)	28.3	(20.8)	4.38‖	(3.622)
Greene King	Apr. 30	4,250	(3,600)	20.6	(17.9)	7.256	(6.503)
Hendersn. Kenton	Mar. 31	1,430	(1,410)	12.0	(16.8)	3.685	(3.35)
Kleen-e-Ze	Mar. 31	493	(429)	9.4	(7.4)	4.32	(3.868)
Kinta Kellas Rbr.	Mar. 31	478	(496)	4.7	(5.6)	3.5	(2.925)
Lees (John J.)	Mar. 31	133	(113)	7.2	(5.7)	2.1	(1.908)
Lond. Mid. Indls.	Mar. 31	1,910	(1,580)	15.6	(14.5)	4.808	(4.305)
Mansfield Brew.	Mar. 31	1,589	(1,225)	30.5	(25.3)	7.5	(6.5)
Marshalls (H'fax)	Mar. 31	2,160	(1,850)	34.5	(24.5)	5.84	(5.228)
Mercury Secs.	Mr. 31	10,770†	(11,710)†	19.0	(20.3)	3.728	(3.389)
Monk (A.)	Mar. 31	2,730	(2,280)	10.9	(8.5)	3.508	(3.177)
Moorgate Merc.	Mar. 31	205	(123)‡	1.3	(0.9)‡	nil	(nil)
Pegler Hattersley	Apr. 1	12,580	(18,160)	26.1	(41.5)	7.685	(6.881)
Rediffusion	Mar. 31	17,430	(16,470)	7.7	(7.7)	4.791	(4.29)
Rexmore	Mar. 31	890	(970)	9.5	(11.1)	4.25	(3.852)
Ropner	Mar. 31	2,370	(2,800)	7.4	(8.5)	2.131	(1.908)
Routledge	Mar. 31	361	(311)	17.2	(12.9)	4.05	(3.67)
Scottish & Newcstl.	Apr. 30	35,380	(35,110)	10.0	(9.3)	3.409	(3.099)
Shaw Carpets	Apr. 30	699	(229)	3.8	(1.5)	2.5	(0.875)
Smith (David S.)	Apr. 30	1,310	(1,310)	11.5	(12.3)	2.662	(2.404)
Sound Diffusion	Dec. 31	560	(478)	8.2	(8.3)	1.216	(1.089)
Stroud Riley	Mar. 31	480	(331)	12.8	(5.4)	1.5	(1.0)
Tesco	Feb. 25	28,560	(30,190)	5.4	(4.7)	1.63	(1.459)
Tex Abrasives	Mar. 31	458	(279)	6.8	(7.2)	3.022	(2.707)
Waddington (J.)	Apr. 2	2,780	(3,270)	19.6	(27.7)	11.31	(6.454)
Wellman Engrg.	Mar. 31	1,553	(1,409)	6.7	(5.7)	2.396	(2.145)
Wilkins & Mitchell	Apr. 1	64	(521)L	1.2L	(9.1)L	0.25	(0.1)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Alxndrs. Discount	June 30	3,140	(280)	4.5	(4.5)
Barr (A. G.)	Apr. 29	495	(219)	0.75	(0.67)
Bath and Portland	Apr. 30	2,050	(1,880)	1.6	(1.5)
Birmingham Pallet	Apr. 30	121	(93)	2.0	(1.5)
Braid	Mar. 31	339	(401)	0.476	(0.433)
Brentnall Beard	Mar. 31	233	(564)	0.572	(0.531)
Glanfield	Apr. 2	15L	(8)	—	(—)
Gough Cooper	Mar. 31	285	(579)	1.98	(1.95)
Granada	Apr. 15	16,206	(11,624)	1.171	(1.065)
Habit Eng.	Mar. 31	89	(50)	0.55	(0.49445)
Independent News	June 30	1,360	(818)	4.062	(2.437)
Linecroft Kilgour	Mar. 31	424	(365)	1.5	(1.32)
Parker (Fredk.)	Mar. 31	3,140	(2,900)	2.475	(2.475)
Thermal Syndicate	Apr. 30	202	(551)	2.0	(3.0)
Winterbottom	May 31	219	(185)	2.0	(1.6)

(Figures in parentheses are for corresponding period.)

Dividends shown net except where otherwise stated.

* Adjusted for any intervening scrip issue. † Net profit figures. ‡ 18-month period. § 16 month period. ¶ Includes interim and second interim, proposed final is 1.162p. ‖ Includes bonus of 0.335p payable providing legal right to do so exists after July 31. L Loss.

Offers for sale, placings and introductions

Birmingham District Council: £50m floating rate stock 1983-85 at £99.40 per cent.

Rights Issue

Dartmouth Investments: One-for-three at 15p.

Scrip Issue

Henderson Kenton: One £1 10 per cent preference for five ordinary.

John Brown sees growth slowdown

APART FROM the machine tool and plastics machinery interests the recovery process at John Brown and Company is now complete. So, as long as the existing mix of group activities remains substantially unchanged, holders should not expect further annual profit growth of the order achieved in 1977-78 when pre-tax profits jumped from £10.88m to £32m.

In his annual statement in advance of the full accounts Lord Aberconway, who is to retire from the chair on July 28, says that there will be further profit increases over the years but at a more conventional rate. Development of existing or related ranges of products will enhance this process, as would the purchase of complementary businesses.

For the current year machine tools and plastics machinery interests are likely to remain dull while John Brown Engineering faces a sales challenge to secure a substantial number of orders for gas turbines for delivery before the end of the current year. "Even so, the current year should not disappoint stockholders," states the chairman.

Commenting on the past year's results he reports that JBE had a very profitable year but because of unusually high output (a record of 48 turbines were shipped) its profit should be regarded as exceptional. JBE's current year will be good but less exceptional. Its year started with a much shorter order book and a substantial volume of new orders are needed to meet targets.

Constructors John Brown had a good year with a high level of activity. Work in hand is lower than a year ago but prospects for new orders are good. Competition is fierce but CJB remains in a good position and should again this year be a main contributor to group profits.

With the contribution from the newly acquired Boalloy, profits of Craven Tasker should be excellent, while at Markham and Company the order book is good. Firth Brown Tools is still finding market conditions difficult and John Brown Plastics Machinery still has a long way to go before a satisfactory performance is achieved.

The chairman points out that net bank borrowings of £9.3m at the start of the year have been eliminated and at the year end there was a net cash surplus of £15.2m. The group is, however, vulnerable to substantial swings in its cash position.

The improved cash position and prospects for future profits have justified a more liberal approach to capital expenditure, and various modernisation of expansion schemes are being planned. Acquisitions apart it is planned to spend some £15m on capital assets in the current year.

The accounts will include a supplementary statement prepared in accordance with the Hyde guidelines on inflation accounting.

Lord Aberconway (who is to become president of the company) will be succeeded by Mr. John Maybew-Sanders as chairman. Sir Eric Mensforth is relinquishing the position of deputy chairman.

The full accounts have been delayed by industrial action at the printers and this has required a postponement of the annual meeting to September 4.

Buoyant new business for Standard Life

Buoyant new business in both the life and pension sectors is reported for the first half of its financial year, ending November 15, by Standard Life Assurance, the largest life company in Scotland.

New annual premiums rose by 50 per cent to £7.9m compared with £5.3m in the corresponding period last year. Premiums on contracts related to house mortgages were 56 per cent higher at £4m, premiums on self-employed pensions nearly doubled to £0.95m, while premium on executive pension arrangements were 150 per cent up at £1m.

New annual premiums for group pension business in the UK rose by 38 per cent to £7.3m from £5.3m and group life business by 75 per cent to £1.3m. The company also report that single premium business is well up during the period.

AB Electronic redundancies

AB Electronic Products, the components manufacturer with sales last year of £17m, is to axe an unspecified number of jobs at its main Abercynon factory in Glamorgan, following the merger of the switch and controls divisions.

"No figures will be announced until discussions with trade unions have been completed, and the possible contribution of the temporary employment subsidy established," said Mr. Harry Kroch, AB deputy chairman and managing director, last night. AB employs over 2,000.

The two divisions are merging in the light of depressed demand in AB's consumer electronics division, which makes hi-fi equipment, audio systems and visual games.

"Certain of our older products are also being superseded by new technologies," added Mr. Kroch.

He said that the group's other activities, which include marine and mining equipment manufacturing, machine tools and medical electronics, were operating at unchanged levels.

The thick-film microcircuit division was expanding to meet demand.

AB's interim profits to last December were halved at £154,000 on the previous year, reflecting a strike at the start of the year, and the loss of the regional employment premium, which cost the company £116,000 in the six month.

George Wills hopes to boost dividend

Subject to the Government's limitation on dividends permitting, George Wills and Sons (Holdings) intended to double the present level of distribution during the next 12 months, the chairman, Mr. Jack Reynolds, told the annual meeting.

This year there had been a temporary setback in profitability in the international commodity section, and the year's group profit was forecast at not less than £750,000. On that basis the increased dividend would be covered 2.5 times. "The situation would be reviewed at the earliest possible opportunity," Mr. Reynolds said.

In the year 1977, the group doubled its profit to £986,000, and lifted the dividend from 1.3915p to 1.5542p net.

Toothill picking up after £120,000 loss

AFTER CREDITING temporary employment subsidy of £164,160 R. W. Toothill, furniture manufacturer, reduced its taxable loss from £149,605 to £119,186 for the year to March 31, 1978.

The directors say that the level of loss before temporary employment subsidy has so far in the current year been sharply reduced and they are now aiming to operate at a profit this year. However, while the volume of trading remains sluggish it would be imprudent to suggest any significant level of profit in the short term. They remain optimistic about the longer term.

To conserve resources, as last year, there is no dividend. The loss per 25p share for the year under review is given at 7.05p (9.66p).

Invoice sales for the 12 months fell from £2.8m to £2.16m excluding VAT and the pre-tax loss was struck after depreciation of £84,779 (£93,399). There was a tax credit of £69,792 (£82,018) leaving the net deficit at £49,394 (£67,587).

REED INTL.

Champness Cowper preceded Price Waterhouse as auditors of Reed International, not Hill Vellacott as reported in a survey in the issue of July 6.

Hancock pleads for investment in Australia

AUSTRALIA HAS A$7bn worth of new projects ready to go if they can be freed from Government "strangulation" so as to attract capital, according to Mr. Lang Hancock, the Australian entrepreneur who discovered the mammoth Hamersley iron ore field in the Pilbara region.

Speaking in London yesterday, he roundly and characteristically attacked the Canberra Government as he appealed for what he called "a favourable climate attractive to risk capital," particularly from the UK and Japan, writes Steve Thompson.

But he could offer no firm information about the possibilities of a start to development at his own company's Marandoo iron ore deposit in Western Australia.

Mr. Hancock pleaded for the mining of the country's massive uranium deposits "without delay." In fact the recent actions of Mr. Malcolm Fraser's Government suggests that it too shares this view.

He welcomed the Government's decision to drop its plans for a resource tax on profits from oil and uranuim mining but pointed out that there were still many "harmful restrictions" to creating a climate attractive to risk capital. Mr. Hancock advocated the abolition of the Foreign Investment Review Board and the dropping of restrictions on the amount of foreign ownership of raw resource ventures.

In a final shot he argued that mining is the basis of all civilisation and must not be molested by environmental considerations.

SENA SUGAR ACCOUNTS DELAY

The much troubled Sena Sugar Estates reports that owing to the shortage of accounting staff on its estates in Africa, coupled with the problems of arranging an audit, shortage of machine accounting spares and "software," the results for 1977 are not expected to be available for release until later in the year.

Braid sticks to its earlier optimistic view

The reported fall in taxable profit at Braid Group for the first six months of the current year is not seen in any way as representing a trend, says Mr. D. C. Bamford, the chairman, and he stands by the cautious optimism he expressed in February.

Vauxhall sales are once again rising and with the exception of vans, the shortage of which is disturbing, the company now has the stocks to support its marketing effort.

On sales of £13.81m (£12.11m) profit for the half year to March 31, 1978, slipped to £339,246 (£401,382)

WORLD STOCK MARKETS

Wall St. up 5 on inflation news

INVESTMENT DOLLAR PREMIUM

$2.60 to £1 — 110⅝% (112¼%)

Effective $1.8735 — 31⅞% (32⅛%)

A DECIDEDLY BETTER tendency developed on Wall Street yesterday, buoyed by encouraging news on the fight against inflation.

The Dow Jones Industrial Average moved up 5.29 to 812.46, reducing its loss on the holiday shortened week to 6.49. The NYSE All Common Index, at $53.54, rose 34 cents on the day but was still 32 cents down on the week, while rises led falls by a two-to-one majority. But trading volume decreased 1.49m shares to 23.48m.

The Labour Department reported June Wholesale Prices rose 0.7 per cent., the same as in May, easing upward pressure on Future Consumer Prices.

The Labor Department also said unemployment fell in June to 5.7 per cent of the workforce from 6.1 per cent in May, which analysts said gives the Government leeway to be more aggressive against inflation and less concerned about unemployment.

Continuing investor worry about another round of monetary tightening by the Federal Reserve was not allayed by the report yesterday of a $700m rise in the Basic Money stock, even though the increase was less than expected.

British Petroleum, up $¼ at $15⅞, headed the active list.

Upjohn also were active and advanced $2⅛ to $44¼. Johnson and Johnson rose $1¼ to $81¼.

Chrysler picked up $¼ to $10⅞ — the Department of Transportation found Chrysler's Omni and Horizon cars safe.

Alcoa slipped $⅞ to $40⅞ on price increases on some aluminium products. Reynolds Metals, up $½ to £28¼, also announced an increase in some product prices.

Colonial Stores gained $1½ to $28⅞—its board rejected a bid by Cavenham's Grand Union unit at $30 a share.

THE AMERICAN SE Market Value Index rose 1.13 to 146.30, for a net gain of 0.75 on the week.

American Motor Inns, the volume leader, jumped $4⅞ to $15⅞—it is looking for Atlantic City real estate to build a hotel casino. Resorts International "A" added $2½ at $84.

CANADA—Further gains were scored yesterday, when the Toronto Composite Index put on 3.7 to 1 125.6 with advances in 11 of its 14 component groups.

The Oil and Gas Index advanced 20.5 to 1,448.8. Pacific Petroleum rose $¾ to $38¾ on news of its four West Pembina oil finds, and Texaco Canada put on $⅞ to $40⅞—it has a one-third stake in the wells. Husky Oil climbed $3⅞ to $43¼.

Ashland Oil Canada lost $¼ to $29⅞ on Kaiser Resources, off $¼ to $14¼, plan to offer $32½ a share.

PARIS—Firm in active trading in initial favourable reaction to report fro mBremen on plans for European currency stability. Continued low level of Call Money also encouraged market.

BRUSSELS—Mixed to mostly higher in quiet trading.

In Foreign stocks, UK and Dutch little changed. Germans steady, Canadians and French rose, U.S. mixed to mostly lower. Gold Mines fell.

AMSTERDAM—Firmer, following higher dollar.

State Loans quietly mixed.

Switzerland—Generally higher in quiet trading. Gains exceeded losses 49-to-21.

Banks, Chemicals and Insurances mostly better, Financials and Industrials mixed. MAAG registered up Frs 75 at 1,400.

GERMANY—Prices firmed mainly on foreign demand. Trading was lively.

Leading Chemicals little changed, buf Electricals gained ground. Banks gained up to DM 2.50.

Public Authority Bonds shed up to 40 pfennigs, despite DM 22.7m worth of Bundesbank purchases. Mark Foreign Loans mixed.

COPENHAGEN — Mixed in moderate dealings. Shippings lower.

OSLO—Industrials and Bankings steadier, Insurances and Shippings quiet.

MILAN—Mixed in fairly active trading. Financials all firmer.

Bonds lower in quieter trading.

VIENNA—Market drifted lower, with Breweries losing ground.

HONG KONG—Slightly easier on active profit-taking, although institutional demand near close stemmed the decline.

TOKYO—Sharply higher, led by "Populars" and Blue Chips, with Market Average rising 28.76 to new post-war high of 5616.89 in fairly active trading. Volume 460m (400m) shares.

Buying spread over wide front on dollar's recovery against yen, with active buying by major Japanese Investment Trusts.

Export-orientated issues rose on revived buying. Foods, Textiles and Stores also moved up on a recovery in personal spending.

Some Pharmaceuticals, Machines and Speculatives lower on late profit-taking.

JOHANNESBURG—Gold shares mixed in quiet dealings. Mining Financials also quiet and moved in unison with Producers.

AUSTRALIA—Mixed, with most interest in Minings.

Pancontinental lost 20 cents to A$14.20. Utah were off 3 cents to 3.95 on its continuing labour dispute.

In Coals, Coal and Allied eased 5 cents to 4.45 after Thursday's sharp gain on bid rumours.

Thiess dipped 10 cents to 4.40.

FRIDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Brit Petroleum	392,500	15⅞	+¼
Abbott Labs	319,000	22	−⅞
Rorer Group	284,000	15⅞	+⅛
Ralston Purina	257,500	15⅞	−⅞
Occ Petroleum	257,600	21	−⅛
Union Carbide	238,500	39⅛	−⅛
Texaco	220,700	25⅞	−⅛
Amer Tel & Tel	202,400	59	−⅛
Heublein	197,400	36	—
Sears Roebuck	196,100	22⅛	−⅛

Indices

NEW YORK—DOW JONES

	July 7	July 6	July 6	July 5	June 30	June 29	1978 High	1978 Low	Since compil'n High	Since compil'n Low
Industrials	812.46	807.17	805.79	812.62	818.95	821.64	866.51 (6/6)	742.12 (28/2)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me Bo'ds*	87.19	87.20	87.20	87.22	87.54	87.60	90.85 (4/1)	87.19 (7/7)	—	—
Transport	218.25	216.50	218.50	219.82	219.66	219.62	231.65 (6/6)	[illegible] (9/1)	279.88 (7/2/69)	13.23 (8/7/32)
Utilities	105.65	105.07	105.28	105.38	104.94	104.90	110.98 (5/1)	102.84 (22/2)	163.32 (20/4/69)	10.58 (28/4/42)
Trading vol. 000's†	25,480	24,970	25,750	11,550	18,100	21,550	—	—	—	—

* Basis of Index changed from August 24

	June 30	June 23	June 16	Year ago (approx.)
Ind. div. yield %	5.71	5.68	5.58	4.85

STANDARD AND POORS

	July 7	July 6	July 5	July 3	June 30	June 29	1978 High	1978 Low	Since compil'n High	Since compil'n Low
‡Industrials	104.76	104.06	104.02	104.87	106.63	106.57	110.99 (6/6)	95.52 (6/3)	134.64 (11/1/73)	3.52 (30/6/32)
§Composite	94.69	94.32	94.27	95.09	95.66	95.57	100.32 (6/6)	86.90 (6/3)	125.85 (11/1/73)	4.40 (1/6/32)

	July 5	June 28	June 21	Year ago (approx.)
Ind. div. yield %	5.18	5.11	5.07	4.42
Ind. P/E Ratio	8.93	9.04	9.11	10.14
Long Govt. Bond yield	8.62	8.57	8.52	7.60

N.Y.S.E. ALL COMMON

July 7	July 6	July 5	July 3	1978 High	1978 Low
53.54	53.00	53.00	53.46	57.20 (6/6)	48.37 (6/3)

Rises and falls	July 7	July 6	July 5
Issues traded	1,869	1,886	1,864
Rises	964	595	369
Falls	451	855	1,119
Unchanged	454	435	376
New Highs	—	15	19
New Lows	—	43	39

MONTREAL

	July 7	July 6	July 5	July 4	1978 High	1978 Low
Industrial	180.96	180.12	179.51	179.82	186.86 (15/6)	162.50 (16/2)
Combined	189.78	188.18	188.75	188.11	194.00 (26/6)	176.82 (30/1)

TORONTO	July 7	July 6	July 5	July 4	1978 High	1978 Low
Composite	1125.6	1121.9	1118.3	1,126.6	1142.0 (16/6)	[illegible]

JOHANNESBURG	July 7	July 6	July 5	July 4	1978 High	1978 Low
Gold	224.9	222.3	222.6	(u)	294.1 (11/5)	185.0 (20/4)
Industrials	245.3	241.3	240.6	(u)	245.3 (7/7)	194.9 [illegible]

	July 7	Previous	1978 High	1978 Low
Australia(*)	494.16	494.80	501.54 (15/6)	441.19 (1/3)
Belgium (†)	96.46	95.51	101.16 (8/5)	90.45 (23/3)
Denmark(**)	95.43	96.00	98.15 (9/1)	94.50 (6/2)
France (††)	63.6	62.4	71.2 (20/6)	47.6 (6/3)
Germany(‡‡)	796.3	794.6	812.7 (10/3)	759.4 (17/5)
Holland (§§)	83.2	82.7	87.0 (9/6)	76.0 (4/4)
Hong Kong (¶¶)	551.52	562.67	582.67 (6/7)	383.44 (13/1)
Italy (‡‡)	62.61	62.46	64.24 (29/6)	55.45 (10/1)
Japan (a)	423.15	421.04	423.15 (7/7)	364.04 (4/10)
Singapore (b)	—	353.57	353.57 (6/7)	282.0 (1/6)

	July 7	Previous	1978 High	1978 Low
Spain (d)	104.25	103.54	110.70 (9/5)	87.28 (17/3)
Sweden (e)	379.90	377.92	387.92 (5/6)	325.74 (5/1)
Switzerl'd(f)	291.1	290.9	292.98 (22/6)	279.0 (28/4)

Indices and base dates (all base values 100 except NYSE All Common — 50 Standards and Poors — 10 and Toronto 300-1 000, the last named based on 1975). † Excluding bonds. ‡ 400 Industrials § 400 Inds., 40 Utilities, 40 Finance and 20 Transport. (¶) Sydney All Ord. (||) Belgian SE 31/12/63. (**) Copenhagen SE 1/1/73. (††) Paris Bourse 1961. (‡‡) Commerzbank Dec., 1953. (§§) Amsterdam, Industrial 1970. (¶¶) Hang Seng Bank 31/7/64. (||||) Milan 2/1/73. (a) Tokyo New SE 4/1/68. (b) Straits Times 1966. (c) Closed. (d) Madrid SE 30/12/77. (e) Stockholm Industrial 1/1/58. (f) Swiss Bank Corp. (u) Unavailable.

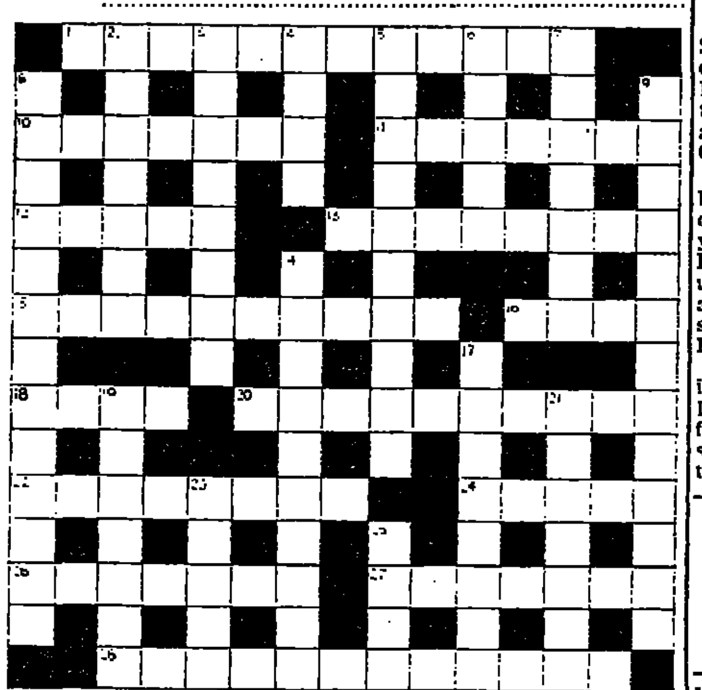
F.T. CROSSWORD PUZZLE No. 3,713

A prize of £5 will be given to each of the senders of the first three correct solutions opened. Solutions must be received by next Thursday, marked Crossword in the top left-hand corner of the envelope, and addressed to the Financial Times, 10, Cannon Street, London, EC4P 4BY. Winners and solution will be given next Saturday.

Name ....

Address ....

....



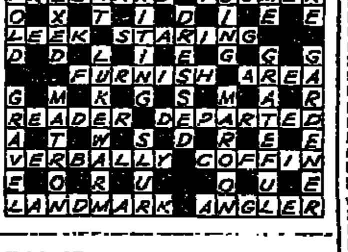
ACROSS

1 Paints blues on the tideway (5, 7)
10 Anti-rust direction can be a bore (3, 4)
11 Please make key boy study (7)
12 Deny 'e may be wanting (5)
13 Beast takes a long time to arrange cheap sea travel (8)
15 Further protection for man in field (5, 5)
16 A qualified chemist has current . . . (4)
18 . . . expense taken care of by the way (4)
20 Work rate might mount first (5, 5)
22 Plant grown in a tin like this (8)
24 It's sticky about wrongdoing (5)
26 Greek capital lets in deadly tree (7)
27 Stabiliser on board returning sailor left after all (7)
28 Prize awarded to road was easily first (3, 2, 1, 6)

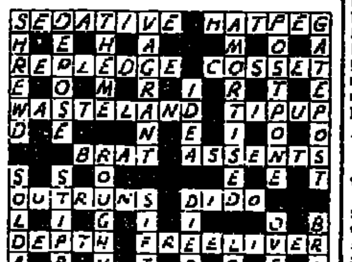
DOWN

2 Trouble intended we bear to cause affliction (7)
3 Regularly regarded as commonplace (5, 3)
4 With which to shoot a horse? (4)
5 Undemanding lines from switched-on writer (5, 5)
6 Home countries combined over rough sea order (5)
7 Weapon for team member (4-3)
8 Accused's reply to bill for computer (13)
9 Neath might be somewhat depleted (5, 8)
14 Oil producer retiring makes a fair attraction (7, 3)
17 Diamond set off in November (8)
19 Bird to accept without question (7)
21 Staff leaving (one quarter) to take over a theatre (7)
23 Tree may be black white or north (5)
25 One band-leader is joining a bird (4)

SOLUTION TO PUZZLE No. 3,712



SOLUTION AND WINNERS OF PUZZLE No. 3,707



Following are the winners of last Saturday's prize puzzle:

Miss L. Marr, 6, Cliff Parade "A," Hunstanton, Norfolk.

Mr. E. Massey, La Ferme de la Fontaine, Grouville, Jersey, C.I.

Mrs. E. A. Stephenson, Cronk-My-Chree, Ballure Promenade, Ramsey, Isle of Man.

RACING — BY DOMINIC WIGAN

Stradavinsky's class can land Eclipse

STRADAVINSKY, least experienced in to-day's 10-runner Eclipse field and almost certainly the most progressive, strikes me as the likeliest to collect the Joe Coral prize.

Stradavinsky, a Nijinsky colt bidding to follow up Artaius's outstanding performance of a year ago for Vincent O'Brien and Lester Piggott, may well have put up an unusually fine performance when making only his second racecourse appearance at Royal Ascot three weeks ago.

For Stradavinsky's conqueror in the King Edward VII Stakes, Ile de Bourbon (rated by the far-from-over-optimistic Fulke Johnson Houghton sufficiently good to take a hand in the King George VI and Queen Elizabeth finsh) seems on his Ascot running to have been by no means flattered by that photograph defeat by Shirley Heights at Newmarket.

True, John Dunlop has always made it clear that the duel Derby winner is a late-developing colt who is improving all the time. I feel sure that Ile de Bourbon and Stradavinsky even more so, are in the same category.

If, as seems more than likely, O'Brien has brought the good-looking but still somewhat unfurnished Stradavinsky on a few more pounds since Ascot, the colt's class may carry him through in a particularly open-looking race today.

Two others who seem sure to run well at attractive odds are Balmerino, a close third behind Moncontour and Dunfermline in the Hardwick Stakes, in which he put up a far more encouraging performance than when trailing home a listless second behind Crow in the Coronation Cup, and Radetzky, easy winner of the Queen Anne Stakes.

Radetzky, back in training through lack of patronage following a book of eight mares this spring, can be certain of tremendous initial backing when he returns to stud if he can win here.

Ryan Price, whose tough five-year-old Jellaby is another whose chance cannot be dismissed in the Eclipse, introduces a likely first-time scorer in Boden's Ride. Mr. Harry Demetriou's colt goes for the Paddock Maiden Stakes.

SANDOWN

1.45—Kaunitz**
2.15—Silver Steel
2.55—Stradavinsky***
3.30—Boden's Ride*
4.00—Royal Orbit
4.30—Red Johnnie

SINGAPORE

July 7	$	July 7	$
Industrials		Straits Trad'g	5.80xd
Boria	0.67	Times Pub. Berhad	3.22xd
Boustead Co.	1.95	U. Engineers	1.68
Boustead Bhd	2.52	U. Ov's Bk	3.58
Dunlop	4.30	Wearne	3.60
Esso	3.54	Tractor	4.70
Fraser Neave	5.55	Chemical	4.64
Haw Par	1.46	Wilin Jacks	1.42
Hume Ind.	1.91	**Rubbers**	
Inchcape	2.16	Batu Lintang	2.01
Jardine	—	Dunlop Estate	4.04
Malay Brew.	6.05	Kempas	5.80xd
Malay Cemt.	2.85		
Met. Bx Sing.	2.24xd		
Ov's Inn. Bk	8.96	**Tins**	
Pan Electric	2.10	Austral. Am.	—
Robinson Co.	5.70	Berjuntai	8.56
Rothman	4.64	Kampar	—
Shell	2.90	Kuchai	1.40
Sime Darby	3.16	Lower Perak	2.40
Cold Storage	2.45	Petaling Tin	6.90
Straits Steam	2.50	Supreme Cp.	2.08
Straits Times (1975) Ltd.	6.90	Tongkah Har.	

SPAIN ♥

July 7	Per cent	
Asland	121	+1
Banco Bilbao	304	+6
Banco Atlantico (1,000)	243	+1
Banco Central	312	+6
Banco Exterior	268	+4
Banco General	284	—
Banco Granada (1,000)	155	+3
Banco Hispano	236	+10
Banco Ind. Cat. (1,000)	172	—
B. Ind. Mediterraneo	209	—
Banco Popular	250	+10
Banco Santander (250)	405	—
Banco Urquijo (1,000)	269	+6
Banco Vizcaya	243	+4
Banco Zaragozano	272	+6
Bankunion	153	—
Banus Andalucia	205	—
Babcock Wilcox	29	—
CIC	82	—
Dragados	287	+5
Inmobanif	79	−1
E. I. Aragonesas	54.25	—
Espanola Zinc	102	—
Expl. Rio Tinto	42.75	−1.25
Fecsa (1,000)	66	−1
Fenosa (1,000)	73	—
Gal. Preciados	79	+1
Grupo Velazquez (400)	165	—
Hidrola	70.50	−1.50
Iberduero	85.25	+0.25
Olarra	120	—
Papeleras Reunidas	73	+1
Petroliber	122	—
Petroleos	203	—
Sarrio Papalera	57	−0.50
Sniace	52.50	—
Sogefisa	124	—
Telefonica	87	—
Torras Hostench	97	+1
Tubacex	100.50	−0.25
Union Elec.	70.50	+0.75

BRAZIL

July 6	Price Cruz	+ or −	Cruz Div.	Yld. %
Acesita OP.	1.00	−0.03	0.12	12.00
Banco do Brazil	2.01	−0.01	0.17	8.45
Banco Itau	1.58	...	0.37	6.41
Belgo Mineira OP	2.13	+0.08	0.08	3.75
Lojas Amer. OP.	3.32	+0.07	0.20	6.02
Petrobras PP	3.23	+0.07	0.13	4.02
Pirelli	1.52	+0.05	0.16	10.52
Souza Cruz OP	2.87	+0.04	0.23	8.01
Unip PE	5.35	−0.05	0.25	4.67
Vale Rio Doce PI	1.50	−0.05	0.10	3.84

Turnover: Cr122.9m. Volume 55.5m.
Source: Rio de Janeiro SE.

NOTES: Overseas prices exclude $ premium. Belgian dividends are after withholding tax.

◆ DM50 denom. unless otherwise stated. ♥ Ptas.500 denom. unless otherwise stated. ♣ Kr.100 denom. unless otherwise stated. ♦ Frs.500 denom. unless otherwise stated. ¶ Yen 50 denom. unless otherwise stated. § Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and or scrip issue. e Per share. f Francs. g Gross div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs, including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. ‡ Traded. ‖ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. Δ Interim since increased.

NEW YORK

CANADA

GERMANY ◆

BRUSSELS/LUXEMBOURG

SWITZERLAND ◆

PARIS

STOCKHOLM

COPENHAGEN ♣

MILAN

AUSTRALIA

TOKYO ¶

VIENNA

JOHANNESBURG

AMSTERDAM

OSLO

Securities Rand $U.S.0.69½ (Discount of 39.56%)

CANADA

Board changes at Swedish pulp group

By William Dullforce

STOCKHOLM, July 7.

THE CHANGES in the top management of NCB called for by both the Swedish Government and the company's bankers were effected at an extraordinary general meeting yesterday. Mr. Gunnar Hedlund retired as chairman and chief executive, but remains on the Board.

He is replaced in the chairmanship by Mr. Sven Lindquist, the managing director of the Co-operative Banks, while Mr. Gunnar Engman, a director of Stora Kopparberg, will serve as managing director for six months in an effort to put NCB back on its feet.

The accounts of the hard-pressed pulp and paper company, which belongs to the north Swedish forest owners, have not been closed for 18 months. But Mr. Anders Linde, the assistant chief executive, said the pre-tax loss for the period would come out at about SKr 525m ($115m) on a turnover of some SKr 3.5bn.

The losses had been made by the parent company, which had been badly hit by the fall in pulp prices. Its subsidiaries, on the other hand, had broken even.

NCB had debts of around SKr 1.5bn, Mr. Linde said. He hoped the SKr 400m loan from the state, an increase of some SKr 200m in the share capital and further borrowing of SKr 150m-SKr 200m would see the company through its present crisis.

Mr. Engman, the temporary managing director, stated that the closing of two factories, which had already been announced, would not be enough to restore NCB to profitability.

Portugal tapping Euroloan market for further $300m

BY JOHN EVANS

As the latest stage in its borrowing programme in the international capital markets, Portugal has reached agreement with a group of six major banks to raise a $300m Euromarket loan.

The new credit bears the same terms—a seven-year maturity and margin of 1 per cent. over interbank rates—as the $150m loan which has just been completed for the Republic among a group of predominantly European banks.

The mandate for this latest loan has been awarded on an equal basis to Amex Bank Ltd., Banque Nationale de Paris, Chase Manhattan Ltd., Dresdner Bank, Industrial Bank of Japan and Manufacturers Hanover Ltd., monetary officials in Lisbon confirmed yesterday.

The credit is being fully underwritten among these six banks. While it will be syndicated generally in the international markets, the Portuguese monetary authorities have partly achieved one of their aims to get a large degree of participation from U.S. banks in this latest financing.

The proceeds, along with the earlier $150m operation which was managed by Westdeutsche Landesbank and Commerzbank, help meet Portugal's target of at least $500m of international bank loans to help restructure its short-term foreign debt and stimulate investment.

Some bankers claim that Portugal has had to curtail an earlier plan to raise up to $700m via such loans because of some reluctance in the international banking community to extend funds to the country.

For some banks, such reluctance is based more in Portugal's decision to raise Eurodollar finance at the relatively low margin of 1 per cent. than a view that the republic represents a poor lending risk.

The Euromarket financing target of around $500m comes on top of the OECD funding programme of $750m for Portugal. In turn, this government-to-government financing was set in motion by the recent agreement with the International Monetary Fund for a $70m standby credit.

Barlow Rand issue success

By Richard Rolfe

JOHANNESBURG, July 7.

BARLOW RAND, South Africa's largest industrial group, obtained 95.6 per cent acceptances for its recent rights issue of preferred ordinary shares.

The preferred ordinary were offered at 370c when the ordinaries stood at 345c. Since the original terms were struck, the ordinary shares have risen to 417c, in line with the general strength of local industrials. The preferred ordinary shares were 44(c today.

* * *

Meanwhile, the listed trading group Metje and Ziegler, which operates chiefly in South West Africa (Namibia), announced that it had rejected an approach from Barlow Rand to acquire its share capital.

Metje and Ziegler shares were suspended two weeks ago because of the talks. With net assets of over R11m, it is one of the largest trading concerns in SWA/Namibia, with interests in distributing timber, building materials and cars and trucks. Barlow Rand also has extensive interests in the territory, centred on the old Swacom group, which are largely complementary to Metje and Ziegler. The combined group, had negotiations succeeded, would have been by far the largest traders in SWA/Namibia. However, the approach was rejected by Metje and Ziegler's controlling shareholders, the Cape Town-based Behnsen family.

Esmil having talks with Stork Werkspoor

BY CHARLES BATCHELOR

AMSTERDAM, July 7.

ESMIL, THE environmental technology division of the Dutch-German steelmaker, Estel Hoesch-Hoogovens, has begun talks with Stork Werkspoor Water, part of the VMF-Stork Engineering group, aimed at possible co-operation. Both firms manufacture water treatment machinery including purification plant for drinking and industrial supplies and effluent treatment. Co-operation would strengthen their international operations, Esmil said.

Esmil has turnover of Fl 150m ($67m) and is a fast-expanding part of the loss-making steel group's diversifications division.

Talks are still going on aimed at expanding, through Esmil, Hoogovens 41 per cent share in the water treatment plant manufacturer Machinefabriek W. Hubert en Co to a 100 per cent control.

Esmil also recently acquired Piecon Consulting Engineers, a firm also specialising in water treatment plant. Esmil has a 25 per cent stake in the large U.S. environmental technology group, Envirotech Corp.

A downturn in orders, particularly from abroad, has plunged VMF-Stork into heavy losses which are expected to continue in the current year.

AMEV $4m property bid

BY OUR OWN CORRESPONDENT

AMSTERDAM, July 7.

AMEV, the Dutch insurance group, said its "Utrecht" insurance subsidiary will make a Fl10m ($4.5m) offer for the entire capital of the agricultural property group Dordrechtsche Landbouwonderneming.

Discussions on the bid conditions are continuing and if they end in agreement "Utrecht" will offer 2,000 per cent or Fl.20,000 for Dordrechsche's 500 shares and Fl12,500 for each of the six founder's certificates.

AMEV, which is expanding its non-insurance activities in Europe, as well as its insurance activities in the U.S., already has investments in agricultural property. Expectations of a reduced rate of growth from life insurance and from investment income have prompted the company to diversify.

Meanwhile, Hollandse Constructie Groep (HCG) of Leiden, said it has acquired the ships' anchor and chain activities of the Koninklijke Nederlandsche Grofsmederij.

HCG, a division of the largest Dutch construction company, Hollandsche Beton, will acquire the manufacturing and sales rights and equipment while most of the workforce will also be transferred. The activities being acquired represent turnover of Fl7m. ($3.1m).

Amfas bond offering

INSURANCE group Amfas plans to issue Fls 75m of seven-year debentures at par. Coupon will be 7¾ per cent.

GO's Hong Kong links approved by meeting

By Anthony Rowley

HONG KONG, July 7.

RESOLUTIONS enabling Sir James Goldsmith's General Oriental Company to procede with its planned acquisition of Argyle Securities (Holdings) and with related transactions were passed at an extraordinary meeting here today.

Only around 30 shareholders attended the meeting and the resolutions, relating to the Argyle acquisition and to the necessary increases in capital to permit this and the acquisition of a block of shares in Generale Occidentale, were passed in a matter of minutes without any questions being raised.

A statement issued by General Oriental following the meeting said: "Resolutions approving the acquisition (by General Oriental) of Argyle Securities (Holdings) and of 86,000 GO shares were duly passed. The conditions to which these acquisitions were subject, have now been fulfilled subject to listing being granted for the 85.25m and the 10.75m new shares of General Oriental being issued as consideration."

Sir James who has been in Hong Kong this week has again denied that the deal involving General Oriental and Argyle will ultimately result in effective control of GO, his Paris-based holding company, being exercised from here rather than from France.

He said that 51 per cent of GO would be controlled within France even though Generale Orientale has said it may acquire further GO shares in future in addition to the 31.3 per cent of GO which its subsidiary, Argyle, will control directly and indirectly following the deals. This minimum 51 per cent. French holding includes, however, Sir James' own 7.65 per cent holding via Trocadero, a French investment holding company.

Sir James also spoke of plans to boost Sino-French trade through the vehicle of General Oriental and of his plans to give GO's Banque d'Affaire subsidiary, Banque Occidentale pour l'Industrie et le Commerce (BOIC), a connected trade-financing role.

Grand Union rejected by Colonial Stores

ATLANTA, July 7.

DIRECTORS OF Colonial Stores voted unanimously to reject a proposal to acquire Colonial at $30 per share made by Grand Union Corporation, which is owned by Cavenham Ltd. of the UK, itself controlled by Generale Occidentale SA of France.

Mr. Ernest F. Boyce, the chairman of Colonial Stores, said "after reviewing the proposal with our financial adviser, Merrill Lynch, White Weld Capital Markets Group and our legal counsel, the board of directors has concluded that, for a variety of reasons, the offer by Grand Union is not in the best interests of the stockholders of the company and their company."

He had been informed that the FTC is undertaking an investigation of the legality of the proposed transaction.

"The board has been advised by our counsel that a combination of our company with Grand Union would raise serious questions under the antitrust laws."

The company has filed lawsuits against Grand Union alleging violations of Federal and State securities laws. These proceedings have been filed in U.S. District Court Northern District of Georgia Atlantic Division in the superior court of Fulton County Georgia and with the State Corporation Commission of Virginia where Colonial Stores is incorporated.

Agencies

* * *

McDONNELL DOUGLAS Corporation said that it has no plans to counter the offer by Northern Telecom for Data 100, Reuter reports from St. Louis.

McDonnell Douglas had reached an agreement in principle to acquire Data 100 for $17.50 a share in cash for each Data 100 share or preferred stock convertible in McDonnell Douglas common having a value of $20.50.

Northern Telecom said late yesterday that it plans to make a tender offer of $20 a share for all outstanding Data 100 shares it does not own. It already has some 31 per cent of the common stock.

McDonnell Douglas said, however, that it continues to have an interest "in significant acquisitions in the computer terminals industry."

Republic NY in factor purchase

NEW YORK, July 7.

REPUBLIC NEW YORK Corporation, the holding company for Republic National Bank of New York, and Talcott National Corporation have signed a letter of intent concerning the proposed acquisition by Republic of the assets and business of James Talcott's factoring division for cash. James Talcott is a subsidiary of Talcott National.

The purchase price will be about $107m, comprised of the division's net investment in factored receivables and advances to clients, together with $7m for the division's fixed and other assets.

Republic New York Corporation had previously announced delivering a proposed letter of intent to Talcott on June 30, 1978.

The proposed transaction will be part of a plan for the restructuring of the debt and preferred stock of James Talcott and Talcott National, the structure of which has not yet been determined. In addition to such approval as will be required for the sale and restructuring, the transaction is subject to the approval of the boards of the several companies and the preparation and execution of definitive agreements.

During 1977, Talcott factored receivables aggregating $752m. Talcott's factoring division operates through offices in New York and Los Angeles.

Republic National Bank has assets of about $3bn. It is an affiliate of Trade Development Bank Holdings, Luxembourg.

AP-DJ

Zapata cancels contract

HOUSTON, July 7.

ZAPATA CORPORATION has agreed with the U.S. Maritime Administration and Newport News Shipbuilding to discontinue construction of an ultra-large crude carrier being built for Zapata at Newport News, Virginia.

Cancellation of the carrier, a 390,000 dwt tanker originally scheduled for completion in 1979 at a cost of about $150m, will require the company to provide for an estimated pre-tax non-operating loss of about $12.5m in its current fiscal year.

The company said that, when it contracted for the ship's construction, prospects for the world tanker market and for U.S. flag shipping were expected to have improved significantly by the time of the vessel's completion. But the company said no such improvement has taken place and that an unprecedented slump in the world tanker market is projected to last well into the 1980s.

Zapata expects to report a net profit for the rest of its fiscal 1978 despite the loss from the cancellation.

AP-DJ

COMMODITIES/Review of the week

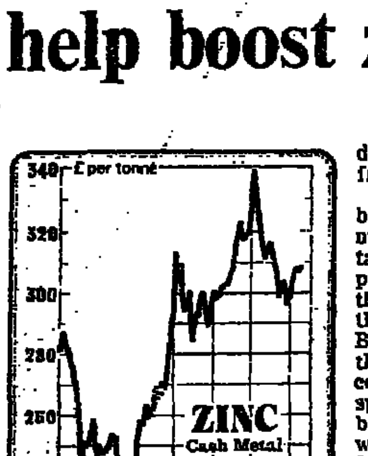
Forecasts help boost zinc

BY OUR COMMODITIES STAFF

FORECASTS OF a better future for the zinc market from the International Lead and Zinc Study Group this week, coupled with a price increase announcement from a leading U.S. producer helped sustain zinc prices on the London Metal Exchange.

Values suffered a little early yesterday, however, on the expectation of a 2,000-tonne increase in LME's official warehouse stocks, but they recovered later.

Cash zinc gained £1.25 a tonne yesterday, closing at £308.75, £1.5 a tonne higher than last week. The three months quotation was also £1.25 higher on the day and £12 up on the week at £318.75 a tonne.



The study group concluded that the zinc market was showing signs of recovery with consumption rising faster than expected. World demand was forecast to rise 3.5 per cent this year to 4m tonnes, but output was unlikely to exceed 4.2m tonnes. On Thursday, Asarco, one of the big U.S. producers, raised its price 1.5 cents a pound to 30.5c.

Earlier in the week Capper Pass, Britain's only tin smelter, lifted the force majeure declaration which had stopped deliveries of refined metal and purchases of concentrates. Smelter workers had gone back to work but the dispute remained unsettled.

Immediate impact on the LME was to depress prices. Standard tin closed the week £25 a tonne down at £6,545 a tonne. Three months metal lost £12.50 a tonne, closing at £6,472.5.

In the copper market cash wirebars gained £2.50 a tonne on the week, closing at £690. A big selling order on Thursday prompted the biggest price movement of the week but most of those losses were made good yesterday when Comex opened stronger than expected in New York.

The London sugar market had another depressing week, although there was a recovery yesterday. Following a dip to £89 a tonne on Thursday, the London daily price for raw sugar gained £2 yesterday to close at £91—still £3 a tonne lower than a week earlier. The main depressing factor was the continued delay in the U.S. Congress holding up legislation which would permit the U.S. to sign the International Sugar Agreement.

Coffee prices fell sharply as continued mild weather in Brazil dispelled fears of a damaging frost this year.

The fall had been encouraged by news that Brazil had cut its minimum export price and export tax for coffee. London traders pointed out that the reduction in the export minimum also reduced the discounts applied to most Brazilian coffee exports and therefore actually made Brazilian coffee dearer overseas. The speculators, who have adopted a bearish market view in recent weeks, seem to have ignored this fact.

September coffee fell £36 yesterday to end the week £155 lower on balance at £1,320.5 a tonne, only £12.5 above April's 20-month low.

Cocoa futures prices also moved lower though the fall was interrupted on Thursday morning when the publication of a report by UN experts of a serious drought in Ghana boosted values briefly. The market quickly resumed its downward path when Ghanaian sources confirmed that the weather there had been unusually wet recently. Market sources said the UN report must have been "outdated." September cocoa rose £2 to £1,706 a tonne yesterday but was still £100.5 down on the week.

This week's decline may have reflected growing despondency over cocoa consumption. Dealers said yesterday the UK second quarter grindings were expected to be almost 10 per cent below last year's. West Germany's could be up to 5 per cent lower while the U.S. figure is likely to be down by a fifth.

WEEKLY PRICE CHANGES

	Latest prices per tonne unless stated	Ch'ge on week	Year ago	1978 High	1978 Low
Metals					
Aluminium	£680	—	£680	£680	£680
Free Market c.i.f.	$1050-40	—	$1,050/40	$1,055	$1,020
[illegible]	£1,42[illegible]		£[illegible]	£1,92[illegible]	£1,5[illegible]
Free Market	$2,300-40	+75.0	$2,700-750	$2,412.5	$2,155
Copper					
Cash Wire Bars	£690	+2.5	£730.5	£778.5	£612
3 mths Do. Do.	£709	+1.5	£746.75	£786.75	£634.75
Cash Cathodes	£685.5	+2.0	£722.25	£774.5	£602.5
3 mths Do.	£704.75	+2.25	£740.75	£785.5	£614.75
[illegible]	$194.12[illegible]	+0.75	$142.375	$[illegible]	$165.25
[illegible] Cash	£308.75	+2.25	£318	£334.75	£245.25
3 months	£318.75	+5.0	£322.25	£344.25	£255.25
[illegible]	£[illegible]		£5,1[illegible]	£2,565	£2,565
Nickel			$2.02	$2.0	$1.815
Free Market c.i.f. lb.	$1.75-88	−0.06	£97	£155.0	£[illegible]
Platinum per oz.	£155	—	£96.9	£158.9	£96.4
Free Market per oz.	£132.5	−0.05			
Quicksilver (76lbs.)	$125-30		$95-105	$152.5	$122.5
Silver per oz.	280.25p	−3.45	264p	299.75p	250p
3 months per oz.	287.25p	−3.55	262.5p	306.85p	255.9p
Tin cash	£6,545	−25.0	£5,715	£6,805	£5,680
3 months	£6,472.5	−12.5	£5,785	£6,767.5	£5,717.5
Wolfram (22.04lbs.)	$132-56	—	$175-84	$172.5	$130.5
Zinc cash	£308.75	+11.5	£307	£336.5	£245.25
3 months	£318.75	+12.0	£315.5	£349.5	£255.75
Producers	$600.650	—	$700	$600	$600
Grains					
Barley EEC			£77.75		
Home Futures	£81.65	0.05	£77.1	£87.15	£80.05
Maize					
French No. 3 Yellow Am.	£105	0.5	£[illegible]	£106.75	£98.5

	Latest prices per tonne unless stated	Ch'ge on week	Year ago	1978 High	1978 Low
Wheat					
No. 1 Red Spring	£92.25	−3.75	£82.5	£95.5	£83.5
Am. Hard Winter		—		£91.5	£91.5
Eng. Milling (new crop)	£105	+0.5	£93.75	£105	£95
Spices					
Cloves	£5,0[illegible]	—	£4,650	£5,000	£5,000
Pepper, White	$3,100	—	$2,276	$3,400	$2,625
Black	$2,050	—	$2,225	$2,45[illegible]	$1,975
Oils					
Coconut (Philip'ne)	$620	−10.0	$600	$722	$532
Groundnut	£688	−16.0	£572	£765	£647
Linseed, Crude	£346	−10.0	£399	£385	£256
Palm Malayan	$610	−25.0		$640	$495
Seeds					
Copra Philippines	$460	−15.0	$385	$485	$372.5
Soyabeans (U.S.)	$285.9	+8.0	$297.35	$313	$254
Other Commodities					
Cocoa shipments	£1,770	−119.0	£3,110	£2,153	£1,611
F'ture 3rd pos	£1,706	−100.5	£2,732.50	£2,092.5	£1,455.5
Coffee Future Sept.	£1,320.5	−155.0	£2,277.5	£1,962.5	£1,305
Cotton Index	70.45c.	−0.10	70.95c.	72.75c.	61.65c.
Des. Coconut	£535	—	£760	£750	£605
Jute UA BWC Grade		—	$417	$490	$457
Rubber kilo	53.75p	−0.75	49.55p	58.75p	46.5p
Sago Pearl	£183	—	£205	£180	£177
Sisal No. 3	$630/40	—	$6[illegible]	$655	$627.5
Sugar (raw)	£91	−3.0	£115	£114	£90
Tapioca No. 1	£172	—	£190	£120	£172
Tea quality kilo	134p	−2.0	225p	160p	127p
(medium) kilo	85p	+3.0	165p	96p	42p
Wooltops 64s Warp	223p kilo		249p kilo	285p kilo	257p kilo

‡ Unquoted. * Nominal. § Madagascar.

MARKET REPORTS

BASE METALS

COPPER—Marginally firmer. After opening fairly steady and hardening to £711 on forecasts on a decline in warehouse stocks forward metal dipped to £707 after light liquidation. In the afternoon, however, a strong Comex opening prompted a fresh rise and forward touched £710 before closing at £707 on the late kerb, leaving prices marginally higher on the week. Turnover: 24,900 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+or —
	£	£	£	£
Wirebars				
Cash	687.5-8	−3.5	689.5-90.5	+4
3 months	707-.5	−5	708.5-9.5	+2.75
Settl'm'nt	688	−5.5	......	......
Cathodes				
Cash	683.5-4	−4	685-6	+4.25
3 months	702.5-3.5	−5.25	704.5-5	+5.5
Settl'm'nt	684	−4	......	......
U.S. Smt.	—	......	*56.5-68	......

Amalgamated Metal Trading reported that in the morning three months wirebars traded at £709.5, 09, 08.5, 09, 07, 07.5. Cathodes three months £705, 02.5, 03. Kerb: Wirebars three months £707, 06.5, 07, 07.5. Afternoon: Wirebars three months £710, 10.5, 10, £709.5, 10, 10.5, 10, £709.5, 9. Cathodes three months £705. Wirebars three months £709.5, 8.5, 9, 9.5, 8, 7.5.

TIN—Barely changed. Forward standard metal opened around £6,460 and moved up to £6,470 following trade buying against physical sales. In the afternoon a weaker dollar and renewed physical demand saw the price rise afresh to close at £6,495. Stocks are expected to show a modest increase and on the week prices hardly changed. Turnover: 2,265 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+or —
High Grade	£	£	£	£
Cash	6540-60	−20	6540-50	+25
3 months	6480-95	−30	6490-500	+15
Settlem't	6550	−20	......	......
Standard				
Cash	6540-50	......	6540-50	+25
3 months	6460-70	−30	6470-5	+10
Settlem't	6550	......	......	......
Straits E.	$1690	−11	......	......
New York	—	......	565.50	+3¼

Morning: Standard cash £6,520, 25, three months £6,460, 55, 50, 55, 60. High Grade cash £6,550, 40. Kerb: Standard three months £6,470, 75. Afternoon: Standard three months £6,470. Kerb: Standard three months £6,470, 80, 90, 94, 95.

LEAD—Gained ground although trading was subdued. Forward metal moved narrowly and in line with copper, opening around £319 and closing at £312.5 on the late kerb with stocks expected to decline on the week. Turnover: 2,375 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	301.5-2	−2	302.5-3	−1.75
3 months	311-.5	−2.5	312.5-3	+2
Settl'm'nt	302	−2	......	......
U.S. Spot	—	......	31-33	......

Morning: cash £302.5, 02, three months £312, 11.5, 11. Kerb: three months £311.5. Afternoon: three months £312, 12.5. Kerb: three months £312.5, 13, 13.5.

ZINC—Higher again and around £12 up on the week despite expectations of a rise in warehouse stocks. Forward metal opened at £317 on the pre-market and rose to £319 before easing to £315.5 in the morning rings. Copper's recovery helped sentiment and forward zinc moved up to close at £319 on the late kerb. Turnover: 5,600 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+or —
	£	£	£	£
Cash	306.5-.7	−1	308.5-9	+1.25
3 months	316.5-7	−1.375	318.5-9	+1.25
S'ment	307	−1	......	......
Prim. West	—	......	29.31	......

Morning: cash £307, mid-July £306.5, three months £317, 16.5. Kerb: three months £316.5, 17.5. Afternoon: three months £316, 15.5, 19. Kerb: three months £318, 19.

* Cents per pound. † On previous official close. ‡ $M per picul.

COTTON

LIVERPOOL—Spot and shipment sales amounted to 257 tonnes, bringing the total for the week to 558, against 1,019 tonnes, reports F. W. Tattersall. Fair trading in some American type varieties brought a moderate offtake, although users were still reluctant to operate on forward account.

SILVER

Silver was fixed 1.35p an ounce lower for spot delivery in the London bullion market yesterday at 280.25p. U.S. cent equivalents of the fixing levels were: spot 533.6c, down 3.1c; three-month 533.5c, down 3.7c; six-month 545.1c, down 4.1c; and 12-month 568.5c, down 3.8c. The metal opened at 279-280p (531-533c) and closed at 279-280p (533-535c).

SILVER per troy oz.	Bullion fixing pricing	+ or —	L.M.E. close	+ or —
Spot	280.25p	−1.35	280.05p	+1.5
3 months	287.25p	−1.85	286.9p	+1.1
6 months	295.65p	−1.55	......	......
12 months	312.35p	−1.45	......	......

COCOA

Prices ended mostly higher.

COCOA	Yesterday's Close	+ or —	Business Done
No. 6 Cont'ct			
July	1715.0-20.0	−24.5	1750.0-1700.
Sept	1705.0-07.0	+2.0	1726.0-1680.
Dec	1686.0-87.0	+4.0	1705.0-1665.
March	1666.0-70.0	+5.0	1688.0-44.0
May	1650.0-55.0	+10.0	1668.0-50.0
July	1630.0-37.0	+2.0	1650.0-15.0
Sept	1615.0-17.0	+5.0	1610.0-06.5

Sales: 3,371 (4,838) lots of 10 tonnes.

International Cocoa Organisation (U.S. cents per pound)—Daily price July 6: 137.62 (142.16). Indicator prices July 7: 15-day average 140.44 (139.97); 22-day average 137.69 (137.39).

COFFEE

Robustas opened lower DBL reports, and after liquidation the market closed at the lows £25 lower on balance. Yet overall steadiness was due to a degree of roaster interest at the low levels.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
July	1345-1350	−76.0	1410-1342
September	1320-132	−36.0	1358-1320
November	1256 1258	−25.0	1297-1264
January	1215-1224	−25.5	1255-1222
March	1150-1160	−55.0	1210-1165
May	1130-1160	−7.5	1115-1151
July	1100-1110	−2.5	1130-1125

Sales: 2,354 (2,960) lots of 5 tonnes.

ICI Indicator prices for July 6 (U.S. cents per pound): Colombian Mild Arabicas 186.00 (197.00); unwashed Arabicas 160.50 (162.00); other mild Arabicas 145.24 (150.42); Robustas 133.50 (134.50). Daily average 141.17 (142.46).

ARABICAS—Close (in order buyer, seller, business)—Aug. 162.00-169.75; Oct. 146.00-155.00; Dec. 136.00-142.00; Feb. 128.00-136.00; April 122.00-132.00; June 120.00-132.00; Aug. 120.00-130.00. Trading business nil. Sales, nil.

RUBBER

EASIER opening on the London physical market. Little interest throughout the day, closing quiet. Lewis and Peat reported a Malaysian godown price of 228 (231) cents a kilo buyer.

No. 1 R.S.S.	Yesterday's Close	Previous close	Business done
Aug	54.80-54.25	54.40-54.80	54.15
Sept	54.80-54.35	55.00-55.50	54.80
Oct-Dec	56.30-56.35	57.10-57.15	57.05-56.50
Jan-Mar	58.50-58.55	59.50-59.35	59.30-58.50
Apr-Jne	60.40-60.50	61.10-61.25	60.65-60.50
Jly-Sept	62.15-62.25	62.80-62.90	62.85-62.20
Oct-Dec	63.85-64.00	64.55-64.80	64.50-64.00
Jan-Mar	65.70-65.75	66.00-66.10	66.0-65.70
Apr-Jne	67.30-67.40	67.70-67.80	67.35-67.20

Sales: 229 (315) lots of 15 tonnes and 5 (8) lots of 5 tonnes.

Physical closing prices (buyers) were: Spot 53.75p (54.0); Aug. 55.75p (56.25); Sept. 56p (56.5).

GRAINS

LONDON FUTURES (GAFTA)—The market opened 10 lower on wheat. In very thin trading conditions. Values steadied slightly, however, to close 5p up on the day. Barley opened unchanged and in a featureless market remained steady to close 15p higher in very thin volume, Acli reports.

IMPORTED—Wheat: CWRS No. 1 13½ per cent July and Aug. 92.50 Tilbury. U.S. Dark Northern Spring No. 2 14 per cent July 82.50, Aug. 83.75, Sept. 83.75 transhipment East Coast. U.S. Hard Winter ordinary unquoted. Australian wheat unquoted. EEC Feed Aug. 95.25 East Coast. EEC milling unquoted.

Maize: U.S./French July 103.00, Aug. 99.00, Sept. 100.50 transhipment East Coast. S. African White Sept. 73.00 Liverpool. S. African Yellow Sept. 72.50 Liverpool.

Barley—Unquoted.

M'nth	WHEAT Yesterday's close	+ or —	BARLEY Yesterday's close	+ or —
Sept.	83.45	+0.05	78.85	+0.15
Nov.	86.25	+0.05	81.65	+0.15
Jan.	89.05	+0.05	84.30	+0.15
Mar.	91.70	+0.05	86.95	+0.15
May	94.35	+0.05	89.50	+0.15

Business done—Wheat: Sept. 83.35-83.45, Nov. 86.15-86.20, Jan. 89.00 only, March 91.70 only, May nil. Sales: 32 lots. Barley: Sept. 78.85 only, Nov. 81.45-81.65, Jan. 84.25-84.30, March 86.90 only, May nil. Sales: 29 lots.

HGCA—Location ex-farm spot prices. Other milling wheat—unquoted. Feed barley—Lancashire 81.10.

The UK monetary coefficient for the week beginning July 10 will decrease to 1.370.

EEC DAILY IMPORT LEVIES—The following EEC levies and premiums are effective for July 8 in units of account a tonne. In order current levy plus Aug., Sept. and Oct. premiums (with previous in brackets): Common wheat—89.18: rest nil (89.16; rest nil). Durum wheat—133.79: nil: nil: 0.33 (133.79; rest nil). Rye—88.97: rest nil (88.97; rest nil). Barley—85.30: rest nil (85.30; rest nil). Oats—77.41: rest nil (77.41; rest nil). Maize (other than hybrid for seeding)—80.99: rest nil (80.32; rest nil). Buckwheat—All nil (all nil). Millet—79.94: rest nil (79.94; rest nil). Grain sorghum—84.27: rest nil (84.27; rest nil).

Flour levies—Wheat or mixed wheat and rye flour—137.07 (same). Rye flour—136.77 (same).

SOYABEAN MEAL

The market opened unchanged in thin volume and rose but lack of follow-through and some profit taking prompted by a disappointing Chicago opening caused a fall with losses from 10p to £1.00, reports SNW Commodities.

	Yesterday Close	+ or —	Business Done
	£ per tonne		
August	120.20-20.8	+0.50	121.00-20.00
October	121.00-21.5	+0.55	121.70-21.00
December	117.0-18.0	+0.40	118.40-18.00
February	119.50-20.5	−0.60	119.00-18.70
April	120.50-2.5	+0.60	......
June	121.50-24.0	−0.5	122.50
August	121.00-24.5	+1.25	......

Sales: 80 (117) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar) £91.00 (£89.00) a tonne cif for July-August shipment. White sugar daily price was fixed at £99.00 (same).

Short-covering developed at the opening which found only scattered offerings scale-up and by midday the market was some 100 points above kerb levels, reports C. Czarnikow. Later, however, currency factors stimulated heavier selling which could not be absorbed, and most of the gains were lost by the close.

Sugar Pref. Comm. Con.	Yesterday's Close	Previous Close	Business Done
	£ per tonne		
Aug.	91.15-91.50	90.25-90.50	92.00-90.50
Oct.	92.50-92.75	92.05-92.10	95.50-92.00
Dec.	95.60-95.70	94.65-94.70	96.50-94.75
March	102.55-02.60	101.60-01.65	103.50-01.75
May	105.20-05.25	104.00-04.50	106.00-05.00
Aug.	108.25-08.50	107.60-08.00	108.70-08.35
Oct.	111.50-12.25	111.55-11.50	112.75

Sales: 1,793 (2,851) lots of 50 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £246.85 (same) a tonne for home trade and £151.00 (£149.00) for export.

International Sugar Agreement: U.S. cents per pound fob and stowed Caribbean port, prices for July 6: Daily 6.56 (6.66); 15-day average 6.83 (6.87).

MEAT/VEGETABLES

SMITHFIELD—No carcase meat prices quoted.

MEAT COMMISSION—Average fatstock prices at representative markets on July 7. GB—Cattle 72.07p per kg.l.w (+1.18); UK sheep 143.9p per kg.est.d.c.w. (−0.3); GB pigs 65.0p per kg.l.w. (+3.2). England and Wales—Cattle numbers down 6.9 per cent, average price 71.95p (+1.26); Sheep numbers up 14.4 per cent, average price 143.9p (−0.6); Pig numbers down 6.7 per cent, average price 65.0p (+3.2). Scotland—Cattle numbers down 16.3 per cent, average price 72.74p (+0.70); Sheep numbers down 33.5 per cent, average price 144.1p (+8.6).

COVENT GARDEN—(Prices in sterling per package except where otherwise stated)—Imported Produce: Oranges—S. African: Navels 4.00-4.60; Brazilian: 3.50-4.40. Lemons—Italian: 100/120s new crop 4.00-4.50; Spania: Trays 1.30-1.50, large boxes 3.30-4.40; S. African: 4.50-5.50. Grapefruit—S. African: 27/72 3.40-4.50. Apples—French: Golden Delicious 20-lb 84s 3.40-3.60, 72s 3.60-3.70; W. Australian: Granny Smith 8.60; Tasmanian: Sturmer Pippins 9.00-9.50, Granny Smith 8.60, Croftons 9.50; S. African: Granny Smith 8.60-8.50, White Winter Pearmain 7.20, Starking Delicious 8.50-9.50, Golden Delicious 8.80-9.00, Yorks 8.20-9.60; Chilean: Granny Smith 7.00-7.30; New Zealand: Sturmer Pippins 163 9.20, 175 9.20, Granny Smith 8.80; Italian: Rome Beauty per pound 0.16, Golden Delicious 0.16-0.17, Jonathans 0.14. Pears—Victorian: 40-lb Josephines 12.50, Winter Nelis 11.50. Peaches—Spanish: Trays 2.30-3.00; Italian: 1½ trays 2.00-3.80; French: 1.60-3.00. Nectarines—Spanish: 1.50-4.50. Grapes—Israeli: Perlette 4.00; Cyprus: Cardinal 5.00-5.50. Plums—Spanish: 5 kilos Gaviota 2.40-3.20, Santa Rosa 2.60-3.00, Burbanks 1.60-2.40; Italian: Florentias 20-lb 3.40. Apricots—Spanish: 5 kilos 2.30-2.80. Bananas—Jamaican: Per pound 0.13. Avocados—Kenya: Fuerte 14/24s 3.00-3.40; S. African: Fuerte 3.00-3.30. Capsicums—Dutch/French: Per 5 kilos 2.50-3.00. Cherries—Washington: 0.90. Onions—Israeli: 3.20-3.50; Spanish: 2.50-3.50; Maltese: 3.50. Potatoes—Cyprus: 4.50; Brittany: 2.00.

English Produce: Potatoes—Per 56-lb 1.90-2.00. Lettuce—Per 12 0.50, Cos 0.70, Webbs 0.60. Rhubarb—Per pound, outdoor 0.06. Cucumbers—Per tray 12/24s 0.80-1.20. Mushrooms—Per pound 0.55. Apples—Per pound Bramley's 0.18-0.20. Tomatoes—Per 12-lb English 2.50-2.70. Greens—Per crate, Kent 1.00. Cabbage 1.20. Celery—Per 12/18s 2.50-3.50. Strawberries—Per ½-lb 0.16-0.20. Cauliflowers—Per 12 Lincoln 2.20-2.60. Broad Beans—Per pound 0.08. Peas—Per pound 0.13-0.14. Cherries—Per pound Black 0.60, White 0.25. Gooseberries—Per pound 0.22-0.25. Courgettes—Per pound 0.25. Beetroot—Per 28-lb 2.00. Carrots—Per 28-lb 2.20-2.40.

WOOL FUTURES

LONDON—The market was dull and featureless, Bache reports.

Pence per kilo.

Australian Greasy Wool	Yesterd'ys Close	+ or —	Business Done
July	250.0-55.0	−0.25	—
October	258.0-47.0	......	—
December	245.0-46.0	......	—
March	246.0-48.0	......	—
May	247.0-50.0	+1.5	—
July	248.0-50.0	+2.0	—
October	248.0-50.0	+0.5	—
Dec.	248.0-52.0	......	—

Sales: 0 (0) lots of 15,000 kg.

SYDNEY GREASY—Close (in order buyer, seller, business, sales)—Micron Contract—July 334.0-335.0, nil, nil. Oct. 344.0-345.0, 344.0-343.1, 13. Dec. 353.0-353.5, 353.5-352.5, 11. March 357.0-357.5, 357.4-356.5, 11. May 361.5-362.0, 362.0-362.0, 20. July 366.5-367.0, 367.0-366.5, 12. Oct. 368.7-370.0, nil, nil. Dec. 371.5-374.0, nil, nil. Total sales, 67.

GRIMSBY FISH—Supply fair and demand good. Prices per stone at ship's side (unprocessed): Shelf cod £4.00-£5.20, codlings £2.60-£3.20; large haddock £4.40-£4.70, medium haddock £3.50-£4.00, small haddock £2.60-£3.20; medium plaice £5.60-£6.20, best small plaice £4.60-£4.80; skinned dogfish (large) £8.50, medium £5.50; lemon soles £5.80-£7.00.

FINANCIAL TIMES

July 7	July 6	Month ago	Year ago
238.01	238.94	246.55	245.08

(Base: July 1, 1952=100)

REUTER'S

July 6	July 5	Month ago	Year ago
1452.9	1456.0	1523.0	1535.0

(Base: September 18, 1931=100)

DOW JONES

Dow Jones	July 7	July 6	Month ago	Year ago
Spot	356.57	356.46	357.80	384.42
Futures	341.60	341.04	350.14	348.70

(Average 1924-25-26=100)

MOODY'S

Moody's	July 7	July 6	Month ago	Year ago
Staple Commodity	916.5	918.9	920.8	879.2

(December 31, 1931=100)

U.S. Markets

Coffee firm as metals leap ahead

NEW YORK, July 7.

METALS rose basically due to short-covering reflecting concern over the Middle East crisis and the weaker U.S. dollar. Cocoa anticipated bearish grind figures and that held a quiet market in check. Sugar after attempting a second successful advance faded on lack of interest. Coffee rallied on a cold weather report in Brazil attributed to Thompson McKinnon, Bache reports.

Cocoa—July 141.65 (142.20), Sept. 137.65 (137.50), Dec. 134.30, March 131.50, May 129.00, July 127.10, Sept. 125.10, Dec. 123.10 settlements. Sales: 659.

Coffee—"C" Contract: July 151.40-151.50 (148.08), Sept. 136.50-136.75 (134.22), Dec. 127.50, March 118.00, May 115.50-117.00, July 113.00, Sept. 110.50-113.00, Dec. 109.00-112.00. Sales: 655 lots.

Copper—July 60.00 (59.20), Aug. 60.40 (59.60), Sept. 61.00, Dec. 62.30, Jan. 63.40, March 64.40, May 65.40, July 66.40, Sept. 67.40, Dec. 68.90, Jan. 69.30, March 70.30, May 71.30 settlements. Sales: 4,000 lots.

Cotton—No. 2: July 56.37-56.42 (56.50), Oct. 59.00-59.05 (59.34), Dec. 60.92-60.98, March 62.40-62.45, May 63.50-63.70, July 64.50-64.70, Oct. 64.25-64.75, Dec. 64.20 bid. Sales: 2,350 lots.

*Gold—July 183.40 (182.90), Aug. 186.70 (183.90), Sept. 186.10, Oct. 189.20, Dec. 192.20, Feb. 195.30, April 198.40, June 201.50, Aug. 204.60, Oct. 207.80, Dec. 211.00, Feb. 214.20, April 217.40 settlements. Sales: 6,665 lots.

†Lard—Chicago loose 23.00 (same). NY prime steam 24.50 traded (24.75 asked).

†Maize—July 244½-244¼ (247), Sept. 245-247½ (250½), Dec. 251½-252, March 259-259½, May 262½, July 264.

§Platinum—July 241.30 (238.80), Oct. 244.30-246.00 (243.30), Jan. 248.00-248.60, April 251.40-251.60, July 254.90-255.10, Oct. 258.40-258.60, Jan. 262.00-262.20. Sales: 1,277 lots.

‡Silver—July 527.30 (519.30), Aug. 526.30 (522.30), Sept. 530.00, Dec. 541.70, Jan. 545.70, March 553.00, May 562.50, July 571.30, Sept. 580.30, Dec. 593.80, Jan. 598.40, March 607.70, May 617.10 settlements. Sales, 6,900 lots. Handy and Harman spot bullion 531.50 (519.20).

Soyabeans—July 636-637 (696), Aug. 654½-653 (682½), Sept. 645, Nov. 18-17, Jan. 22, March 628, May 632-633, July 634.

‡Soyabean Meal—July 176.00-175.90 (176.40), Aug. 174.70-174.90 (175.90), Sept. 173.50-173.30, Oct. 171.30-171.30, Dec. 168.30-168.50, Jan. 168.50-169.00, March 170.00-170.30, May 171.00, July 171.10-172.00.

Soyabean Oil—July 26.10-26.15 (25.75), Aug. 25.15-25.20 (24.92), Sept. 24.10-24.15, Oct. 23.15-23.10, Dec. 22.20-22.25, Jan. 22.00, March 21.55-21.90, May 21.75, July 21.55-21.60.

Sugar—No. 11: Sept. 6.65-6.70 (6.69), Oct. 6.80-6.82 (6.70), Jan. 7.30-7.40, March 7.54-7.55, May 7.70-7.75, July 7.85-7.90, Sept. 8.05-8.09, Oct. 8.26. Sales, 2,100 lots.

Tin—560.50-567.00 nom (563.00 nom.).

**Wheat—July 324½ (325), Sept. 329½-329 (329½), Dec. 335-335½, March 337, May 335, July 324½.

WINNIPEG, July 7. ††Rye—July 102.00 asked (102.50), Oct. 102.50 asked (102.80 asked), Nov. 102.60 bid, Dec. 101.30 asked, May 102.40 asked.

‡‡Barley—July 73.10 (73.30 bid), Oct. 74.90 asked (75.00), Dec. 74.90 asked, March 75.10 asked, May 75.30 bid.

§§Flaxseed—July 233.60 bid (same), Oct. 226.30 bid (229.30 asked), Nov. 238.50 asked, Dec. 237.50 asked.

**Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 162.99 (164.47).

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce—100 ounce lots. † Chicago loose $s per 100 lbs—Dept. of Ag. prices previous day. Prime steam fob. NY bulk tank cars. ‡ Cents per 56 lb bushel ex-warehouse, 5,000 bushel lots. § $ per troy ounce for 50 ounce units of 99.9 per cent purity delivered NY. ¶ Cents per troy ounce ex-warehouse. ‖ New "B" contract in $s a short ton for bulk lots of 100 short tons delivered f.o.b. cars Chicago, Toledo, St. Louis and Alton. ** Cents per 60 lb bushel in store. †† Cents per 48 lb bushel ex-warehouse. ‡‡ Cents per 56 lb bushel ex-warehouse, 1,000 bushel lots.

BRITISH FUNDS (673)

CORPORATIONS (30)

This week's SE dealings

Friday, July 7	4,248	Wednesday, July 5	4,578	Monday, July 3	3,817
Thursday, July 6	4,195	Tuesday, July 4	4,890	Friday, June 30	4,314

The list below records all yesterday's markings and also the latest markings during the week of any share not dealt in yesterday. The latter can be distinguished by the date (in parentheses).

The number of dealings marked in each section follows the name of the section. Unless otherwise denoted shares are £1 fully paid and stock £100 fully paid. Stock Exchange securities are quoted in pounds and fractions of pounds or in pence and fractions of pence.

The list below gives the prices at which bargains done by members of The Stock Exchange have been recorded in The Stock Exchange Daily Official List. Members are not obliged to mark bargains, except in special cases, and the list cannot, therefore, be regarded as a complete record of prices at which business has been done. Bargains are recorded in the Official List up to 2.15 p.m. only, but later transactions can be included in the following day's Official List. No indication is available as to whether a bargain represents a sale or purchase by members of the public. Markings are not necessarily in order of execution, and only one bargain in any one security at any one price is recorded.

‡ Bargains at Special Prices. Δ Bargains done with or between non-members. ♦ Bargains done previous day. § Bargains done with members of a recognised Stock Exchange. ♣ Bargains done for delayed delivery or "no buying in". $A—$Australian: $B—$Bahamian: $C—$Canadian: $HK—$Hong Kong: $J—$Jamaican: $Ma—$Malayan: $Me—$Mexican: $NZ—$New Zealand: $S—$Singapore: $US—$United States: $WI—$West Indian

SHORT DATED BONDS FREE OF STAMP DUTY

PUBLIC BOARDS (18)

COMMONWEALTH GVTS. (1)

COMMONWEALTH CORPS. (—)

FOREIGN STOCKS (8)

FOREIGN CORPS. (—)

UK RAILWAYS (3)

FOREIGN RAILWAYS (2)

BANKS (147)

BREWERIES (137)

CANALS AND DOCKS (3)

COMMERCIAL (2,303)

A—B

C—D

E—F

G—H

I—J—K

L—M

N—O—P

Q—R—S

Prince opens £1m reclamation plant

A £1m plant built by Stablex, a joint subsidiary of Tunnel Holdings and Leigh Interests, for converting toxic industrial waste to a rock-like substance for land reclamation was formally opened by the Prince of Wales yesterday at Thurrock, Essex.

The plant is able to handle over 70 per cent of the kinds of waste produced by factories, mainly acid- or cyanide-based fluids and those containing heavy metals such as arsenic and cadmium.

This is turned into a slurry like thin mortar, which in three days sets to a concrete-like mass.

The plant's maximum capacity, of 400,000 tons a year, is expected to be reached in two or three years. Already, material is being used to fill the quarries left by extensive chalk extraction for cement manufacture by Tunnel.

Later, it is hoped to use it for building purposes, and several experiments aimed at judging the material's properties in relation to concrete are under way.

Attempts are being made to incorporate the material with domestic rubbish, also for land filling.

These developments are particularly important environmentally, because they mean that land cavities can be filled without risk of either sinkage or contamination over the years.

The cost to manufacturers for the operation comes out at between £12 and £200 per ton.

The process uses a number of reception tanks in which acid and alkaline fluids are mixed to provide a neutral solution.

Solids are emulsified and pre-treated separately, then fed back to the fluid tanks. The final stage consists of adding two secret re-agents to produce the solidifying slurry.

Faroese trawlers to land fish in Shetland

BY OUR ABERDEEN CORRESPONDENT

SHETLAND FISH processors whose 12 factories are working at half capacity because of a lack of locally-caught fish have concluded arrangements for experimental landings by Faroese trawlers starting in a week's time.

The arrangements were announced following a successful visit to the Faroes this week by a party of Shetland processors concerned over a shortage of supplies to their factories from the local fishing fleet.

Shetland factories have been hit by boats turning to sand-eel catching for fishmeal production, while other boats are laid up for their annual refit. At least two Shetland boats are landing fish in Aberdeen. There is also a general squeeze on North Sea grounds from trawlers unable to fish Icelandic or Faroese waters.

Factories with kipper processing units have suffered additionally from the closure of the West of Scotland herring grounds and may, as has happened before, be forced to import Canadian herring.

The first Faroese trawler, which normally lands in the Faroes where each district has its own fish processing factory, is expected to land an average catch of 40 to 50 tons of white fish next Monday or Tuesday.

This experiment is expected to continue for several months if the Faroese are satisfied with Shetland prices, and Shetlanders with the quality of fish landed. At least it will continue until more boats of the 70-strong Shetland fleet are bringing in adequate catches, said Mr. Harry Gray, secretary of the Shetland Fish Merchants Association, yesterday.

Currency, Money and Gold Markets

UK MONEY MARKET

Bill rate rises

Bank of England Minimum Lending Rate 10 per cent (since June 8, 1978)

The Treasury bill rate rose by 0.0043 per cent to 9.2769 per cent at yesterday's tender and the minimum accepted bid was £97.68¼ against £97.68 last week. Bids at that level were met as to about 90 per cent. The £300m bills tendered and allotted attracted bids of £608.63m and all bills offered were allotted. Next week £300m will be on offer replacing a similar amount of maturities.

Day to day credit appeared to be in short supply and the authorities gave assistance by buying a small amount of Treasury bills and small numbers of local authority bills. Total assistance was termed as moderate. The market was faced with banks bringing forward run down balances and a large net take-up of Treasury bills.

The overall picture was again rather unclear and although official assistance was acknowledged to have fallen short, the shortage left in the system appear to be greater than anticipated. In the interbank market, secured call loans opened at 9-9¼ per cent and rose to 9¾-10 per cent on news of a shortage. Most of the day's business was seen at 9¾-9⅞ per cent but rates firmed at the close to around 10 per cent.

EXCHANGES AND GOLD

Conditions in yesterday's foreign exchange market were generally quiet ahead of the weekend and the volume of business stayed at a lower level throughout. Sterling opened at $1.8680-1.8690 and eased slightly to 1.8670-1.8680 on a slightly firmer dollar. However during the afternoon, positions were reversed and the pound came back to touch $1.8740-1.8750 before closing at $1.8730-1.8740, a rise of 60 points over Thursday's close. Against other major currencies, sterling showed little change and the Bank of England's calculation of its trade weighted index remained at 61.6.

Forward sterling showed a slightly firmer tendency with the three-month discount against the dollar narrowing to 1.18c from 1.20c.

The U.S. dollar traded steadily but closed somewhat weaker against most currencies. In terms of the dollar, the Swiss franc rose to SwFr 1.8200 from SwFr 1.8345 while the West German mark gained from DM 2.0665 to DM 2.0572½. The Japanese yen was also firmer at Y202.30 compared with Y203.00 on Thursday. Using Morgan Guaranty figures, the dollar's trade weighted average depreciation on noon rates in New York widened to 7.6 per cent from 7.4 per cent.

Gold rose $1¼ an ounce in dull and featureless trading to close at $183¾-184¼.

THE POUND SPOT

July 7	Bank rates %	Day's Spread	Close
U.S. $	7¼	1.8678-1.8758	1.8730-1.8680
Canadian $	8½	2.0980-2.1080	2.1065-2.1075
Guilder	4	4.14½-4.17½	4.15-4.16
Belgian Fr.	5½	60.55-60.90	60.60-60.70
Danish Kr.	9	10.51-10.57	10.55½-10.56½
D-Mark	3	3.84½-3.87	3.85-3.86
Port. Esc.	18	85.10-85.80	85.20-85.60
Span. Pes.	8	146.10-146.50	146.20-146.30
Lira	11½	1.585-1.591	1.591-1.592
Nrwgn. Kr.	7	10.13-10.16½	10.14½-10.15½
French Fr.	9½	8.33½-8.37	8.34½-8.35½
Swedish Kr.	7	8.52-8.55	8.53½-8.54½
Yen	3½	374-384	378½-380½
Austria Sch	4½	27.75-27.90	27.75-27.85
Swiss Fr.	1	3.40-3.42½	3.40½-3.41½

Belgian rate is for convertible francs. Financial franc 61.20-61.40.

OTHER MARKETS

July 7	£	$		£ Notes Rate
Argentina Peso	1.482-1.486	791.03-793.18	Austria	27¼-28¼
Australia Dollar	1.6240-1.6340	0.8713-0.8724	Belgium	61-62½
Finland Markka	7.8950-7.9150	4.2210-4.2230	Denmark	10.45-10.60
Brazil Cruzeiro	33.11-34.11	17.67-18.00	France	8.25-8.40
Greece Drachma	67.795-69.469	36.19-37.08	Germany	3.80-3.90
Hong Kong Dollar	8.68-8.70½	4.6465-4.6485	Italy	1560-1590
Iran Rial	128-134	68.32-71.52	Japan	380-390
Kuwait Dinar (KD)	0.506-0.516	0.2700-0.2754	Netherland	4.05-4.20
Luxembourg Franc	60.75-60.85	32.37-32.40	Norway	10.05-10.20
Malaysia Dollar	4.40½-4.42	2.3615-2.3625	Portugal	79-93
New Zealand Dollar	1.8050-1.8150	0.9673-0.9692	Spain	1.435-1.465
Saudi Arabia Riyal	6.39-6.49	3.41-3.46	Switzerland	3.35-3.45
Singapore Dollar	4.31-4.32½	2.3120-2.3150	United States	1.86½-1.88
South African Rand	1.6177-1.6346	0.8635-0.8725	Yugoslavia	34-36

Rate given for Argentina is free rate.

GOLD

	July 7	July 6
Gold Bullion (a fine ounce)		
Close	$183¾-184	$182½-183
Opening	$183¼-184	$182-182½
Morning fixing	$183.85 (£98.575)	$183.45 (£98.060)
Afternoon fixing	$183.85 (£98.274)	$182.75 (£97.852)
Gold Coins domestically		
Krugerrand	$190-192 (£101½-102½)	$188½-190½ (£101-102)
New Sovereigns	$54¾-55¾ (£29¼-30¼)	$54½-55½ (£29¼-30¼)
Old Sovereigns	$53¾-55¾ (£28¾-29¾)	$53½-55½ (£28¾-29¾)
Gold Coins internationally		
Krugerrand	$189½-191½ (£101-102)	$188-190 (£100¾-101¾)
New Sovereigns	$53-56 (£28½-29½)	$52½-54½ (£28½-29½)
Old Sovereigns	$53¾-55¾ (£28½-29½)	$53½-55½ (£28½-29½)
$20 Eagles	$276-279½	$276½-278
$10 Eagles	$141-146	$140-145
$5 Eagles	$101-105	$99-104

LONDON MONEY RATES

July 7 1978	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	9-10	—	—	—	9½	8¾-9¾	—	—	—
2 days notice	—	—	9¼-9⅝	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	9¾	—	—	—	—
7 days notice	—	9⅝-9¾	9⅝-9¾	—	9¾-10	—	9¼-9½	—	—	—
One month	9⅞-9¾	9¹¹⁄₁₆-9⅞	9⅝-9⅞	10⅜-9⅞	10-10¼	10	9½	9⅞-9¼	9¾	10½
Two months	9⅞-9¾	9⅞-9⅞	—	10⅜-9⅞	10⅛-10⅜	—	9½	9¼-9⅜	9⅞-9⅞	10½
Three months	9⅞-9⅞	9⅞-10	9⅞-10	10⅜-9⅞	10¼-10½	10¼	9½	9⅞-9⅞	9⅞-9⅞	10⅜
Six months	10¼-10⅛	10¼-10⅜	10-10¼	10¼-9¾	10½-10⅞	—	—	—	10-10⅛	10¾
Nine months	10⅞-10⅛	10⅜-10½	—	10½-9⅞	11	—	—	—	—	—
One year	10⅝-10¼	10½-10⅝	10¼-10½	10½-10⅛	11⅛	—	—	—	—	—
Two years	—	—	10⅞-11	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. Longer-term local authority mortgage rate nominally three years 11¼-11½ per cent; four years 11¾-12¼ per cent; five years 12¼-12½ per cent. ♦ Bank bill rates in table are buying rate for prime paper. Buying rates for four-month bank bills 9¾-9²⁹⁄₃₂ per cent; four-month trade bills 10½ per cent.

Approximate selling rates for one-month Treasury bills 9¹⁵⁄₁₆-9⅞ per cent; two-month 9¾-9⁵⁄₃₂ per cent; and three-month 9⁵⁄₃₂-9⁷⁄₃₂ per cent. Approximate selling rate for one-month bank bills 9⅞ per cent; and two-month 9¹¹⁄₁₆ per cent; and three-month 9¾ per cent. One-month trade bills 10⅛ per cent; two-month 10⅜ per cent; and also three-month 10½ per cent.

Finance House Base Rates (published by the Finance Houses Association) 10 per cent from July 1, 1978. Clearing Bank Deposit Rates (for small sums at seven days' notice) 6¾-7 per cent. Clearing Bank Base Rates for lending 10 per cent. Treasury Bills: Average tender rates of discount 9.2769 per cent.

CURRENCY RATES

July 7	Special Drawing Rights	European Unit of Account
Sterling	0.665007	0.668786
U.S. dollar	1.24323	1.24926
Canadian dollar	1.39839	1.40509
Austrian schilling	18.4993	18.5932
Belgian franc	40.4671	40.6633
Danish krone	7.01182	7.05042
Deutsche Mark	2.56615	2.57945
Guilder	2.77240	2.78508
French franc	5.56159	5.59163
Lira	1056.99	1062.44
Yen	252.873	253.749
Norwegian krone	6.75571	6.77439
Peseta	97.1112	97.5840
Swedish krona	5.68156	5.69633
Swiss franc	2.27076	2.28144

EURO-CURRENCY INTEREST RATES*

July 7	Sterling	Canadian Dollar	U.S. Dollar	Dutch Guilder	Swiss Franc	W. German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	9-9¼	7¼-8¼	7¾-8	4½-4¾	1⅞-2⅛	3⅜-3⅞	9-9½	9-11	—	—
7 days notice	10-10½	7-8	7⅞-8⅛	4½-4¾	1¾-2	3⅜-3⅞	9¼-9½	10½-11½	8-8⅛	1⅝-3⅝
Month	10⅛-10⅞	7⅞-8⅜	8½-8¾	4¾-5	1⅛-1⅜	3⅜-3⅞	9½-9¾	11-12	8⅜-8½	2⅞-3¼
Three months	10⅞-11¼	8-8⅜	8⅞-8⅞	4⅞-5⅛	1⅞-2⅛	3⅜-3½	9⅝-9⅞	11¾-12¾	8½-8⅝	2⅞-3¼
Six months	11⅝-12	8⅞-8⅞	8⅞-9⅛	5½-5¾	2⅛-2⅜	3⅜-3⅞	10⅛-10⅜	12½-13½	9-9⅛	3⅛-3⅜
One year	11⅞-12⅜	8½-9⅛	9⅞-9⅞	5⅞-6⅛	2¼-2½	3¾-3⅞	10⅞-11	13½-14½	9⅛-9¼	3⅛-3⅜

The following nominal rates were quoted for London dollar certificates of deposit: One month 8.05-8.10 per cent; three months 8.30-8.40 per cent; six months 8.70-8.80 per cent; one year 8.95-9.05 per cent.

Long-term Eurodollar deposits: two years 9³⁄₁₆-9⁵⁄₁₆ per cent; three years 9⁵⁄₁₆-9⁷⁄₁₆ per cent; four years 9⁷⁄₁₆-9⁹⁄₁₆ per cent; five years 9¼-9½ per cent. *Rates are nominal closing rates.

Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two days' notice for guilders and Swiss francs. Asian rates are closing rates in Singapore.

U.K. CONVERTIBLE STOCKS 7/7/78

Statistics provided by data STREAM International

Name and description	Size (£m.)	Current price	Terms*	Conversion dates	Flat yield	Red. yield	Premium† Current	Premium† Range‡	Income Equ.§	Income Conv.¶	Income Diff.▽	Cheap(+) Dear(−)◇ Current
Alcan Aluminium 9pc Cv. 89-94	9.05	146.00	100.0	76-80	6.2	3.8						
Associated Paper 9½pc Cv. 85-90	1.40	105.00	200.0	76-79	9.0	8.5	− 8.7	−10 to 2	5.1	4.5	− 0.5	+ 8.2
Bank of Ireland 10pc Cv. 91-96	8.22	174.00	47.6	77-79	5.8	3.2	− 0.7	− 8 to −1	10.9	9.5	− 0.8	− 0.1
British Land 12pc Cv. 2002	7.71	131.00	333.3	80-97	9.3	9.0	20.9	17 to 30	0.0	92.9	85.7	+64.8
English Property 6½pc Cv. 98-03	8.84	92.00	234.0	76-79	7.2	7.3	− 8.6	−11 to 11	8.3	3.1	− 5.1	+ 3.4
English Property 12pc Cv. 00-05	15.31	87.00	150.0	76-84	14.2	14.2	34.9	24 to 102	30.8	46.7	28.2	− 6.7
Hanson Trust 6½pc Cv. 88-93	4.51	81.00	57.1	76-80	8.2	9.0	11.6	1 to 12	8.3	9.0	1.0	−10.6
Hewden-Stuart 7pc Cv. 1995	0.07	270.00	470.4	75-79	2.6		−13.0	−18 to −7	9.2	6.8	− 0.8	+12.2
Pentos 15pc Cv. 1985	1.06	140.00	166.7	76-82	10.7	7.9	− 1.2	− 7 to 36	42.7	42.2	− 0.3	+ 0.8
Slough Estates 10pc Cv. 87-90	5.50	159.00	125.0	78-87	6.3	2.6	15.6	7 to 16	36.7	53.1	12.0	− 3.6
Tozer, Kemsley 8pc Cv. 1981	7.33	95.00	153.9	74-79	8.6	10.3	12.3	5 to 33	7.2	7.5	0.3	−11.9
Wilkinson Match 10pc Cv. 83-98	11.10	88.00	40.0	76-83	11.4	11.6	40.1	29 to 40	27.7	37.2	15.2	−25.0

* Number of ordinary shares into which £100 nominal of convertible stock is convertible. † The extra cost of investment in convertible expressed as per cent of the cost of the equity in the convertible stock. ‡ Three-month range. § Income on number of ordinary shares into which £100 nominal of convertible stock is convertible. This income, expressed in pence, is summed from present time until income on ordinary shares is greater than income on £100 nominal of convertible or the final conversion date whichever is earlier. Income is assumed to grow at 10 per cent per annum and is present valued at 12 per cent per annum. ¶ Income on £100 of convertible. Income is summed until conversion and present valued at 12 per cent per annum. ▽ This is income of the convertible less income of the underlying equity expressed as per cent of the value of the underlying equity. ◇ The difference between the premium and income difference expressed as per cent of the value of underlying equity. + is an indication of relative cheapness. − is an indication of relative dearness.

LOCAL AUTHORITY BOND TABLE

Authority (telephone number in parentheses)	Annual gross interest	Interest payable	Minimum sum	Life of bond
	%		£	Year
arking (01-592 4500)	10¾	½-year	1,000	4-6
arking (01-592 4500)	11¼	½-year	5,000	4-6
arnsley Metro. (0226 203232)	11	½-year	250	5-7
nowsley (051 5486555)	11¾	½-year	1,000	5-7
oole (02013 5151)	10¾	½-year	500	5
oole (02013 5151)	11¼	½-year	500	6-7
edbridge (01-478 3020)	11	½-year	200	5-7
hurrock (0375 5122)	11¼	½-year	300	4
hurrock (0375 5122)	11¾	½-year	300	5-8

BUILDING SOCIETY RATES

	Deposit Rate	Share Accnts.	Sub'pn Shares	*Term Shares
bbey National	6.45%	7.70%	7.95%	7.70% 3 yrs., 7.20% 2 yrs.
lliance	6.45%	6.70%	7.95%	7.70% 3 yrs., 7.20% 2 yrs., 6.95% 1 yr.
nglia Hastings & Thanet	6.45%	6.70%	7.95%	7.70% 3-4 yrs., 7.20% 2 yrs., 6.95% 1 yr.
irmingham Incorp.	6.45%	6.70%	7.95%	7.70% 3 yrs., 7.20% 2 yrs., 6.95% 1 yr.
radford and Bingley	6.45%	6.70%	7.95%	7.70% 3 yrs., 7.20% 2 yrs., min. £200
ristol and West	6.45%	6.70%	7.95%	—
ristol Economic	6.45%	6.70%	7.95%	6.95% 3 months' notice
ritannia	6.45%	6.70%	7.95%	7.70% 3 yrs., 7.20% 2 yrs., min. £500
urnley	6.45%	6.70%	7.95%	7.70% 3 yrs., 7.20% 2 yrs.
ardiff	6.45%	7.25%	8.25%	—
atholic	5.00%	●5.60%	6.75%	— ● 5.80% over £5,000
helsea	6.45%	6.70%	7.95%	7.45% min. £500 6 months' notice
heltenham & Gloucester	6.45%	6.70%	7.95%	7.70% 3 yrs., 7.20% 2 yrs. (£500-£15,000)
itizens Regency	6.45%	7.05%	8.25%	8.30% 3 yrs., min. £5,000
ity of London	6.70%	7.00%	7.95%	7.92% 3 yrs. increment share—min. £500
oventry Economic	6.45%	6.70%	7.95%	7.70% 3 yrs. min., 7.20% 3 mths.' notice
oventry Provident	6.45%	6.70%	8.70%	7.95% 3 yrs., 6.95% 2 yrs.
erbyshire	6.45%	6.70%	7.20%	— up to 7.2% 3 months' notice
ateway	6.45%	6.70%	7.95%	7.70% 3yrs., 7.20% 2yrs., min.£500-£15,000
uardian	6.45%	6.95%	7.20%	7.65% months' notice, £1,000 min.
alifax	6.45%	6.70%	7.95%	7.70% 3 yrs., 7.20% 2 yrs.
eart of England	6.45%	6.70%	7.95%	7.70% 3 yrs., 7.20% 3 months' notice
earts of Oak & Enfield	6.45%	6.95%	8.45%	7.95% 3 yrs., 7.70% 2 yrs., 8.20% 1 yr.
endon	6.70%	7.20%	—	7.70% 6 months
uddersfield & Bradford	6.45%	6.70%	7.95%	7.70% 3 yrs., 7.20% 2 yrs.
eamington Spa	6.55%	6.80%	8.95%	7.55% 2 yrs., 8.25% 1 yr.
eeds Permanent	6.45%	6.70%	7.95%	7.70% 3 yrs., 7.20% 2 yrs., min. £1,000
eicester	6.45%	6.70%	7.95%	7.70% 3 yrs., 7.20% 2 yrs., 6.95% 6 mths.
iverpool	6.45%	6.70%	8.15%	7.80% 3 yrs., 7.30% 2 yrs., min. £1,000
ondon Goldhawk	6.45%	6.95%	8.20%	—
elton Mowbray	6.55%	6.80%	7.95%	7.55% 2 yrs., min. £2,000
idshires	6.45%	6.70%	7.95%	7.70% 3 yrs., 7.20% 2 yrs., min. £250
ornington	6.50%	7.50%	—	—
ational Counties	6.70%	7.00%	8.00%	7.45% 3 months, min. £1,000
ationwide	6.45%	6.70%	7.95%	7.70% 3-4 yrs., 7.20% 2 yrs., min. £500
ewcastle Permanent	6.12%	6.70%	8.00%	8.00% 3 yrs., 7.20% 2 yrs.
ew Cross	7.25%	7.50%	—	—
orthern Rock	6.45%	6.70%	7.95%	7.70% 3 yrs., 7.20% 2 yrs., min. £100
orwich	6.45%	6.70%	8.20%	7.70% 3 yrs., 7.45% 2 yrs., min. £500
aisley	5.25%	5.50%	6.75%	6.50% 3 yrs., 6.00% 2 yrs., min. £500
eckham Mutual	6.75%	7.25%	—	—
ortman	6.45%	6.70%	7.95%	7.70% 3 yrs., 7.45% ½-yrly., 6.95% 3 mths.
rincipality Buildg. Society	6.45%	6.70%	7.95%	7.20% 2 yrs., minimum £500
rogressive	6.70%	6.93%	7.95%	7.95% 3yrs., 7.70% 2yrs., 7.45% 3mths. not.
roperty Owners	6.45%	7.20%	8.45%	7.65% 3 mths. not., 5.70% to limited cos.
rovincial	6.45%	6.70%	7.95%	7.70% 3-4 yrs., 7.20% 2 yrs.
kipton	6.45%	6.70%	7.95%	7.70% 3yrs., 7.20% 2yrs., 6.95% 3mths. not.
ussex Mutual	6.45%	7.00%	8.75%	8.05% 3 yrs., 7.75% 2 yrs., 7.50% 1 yr
own and Country	6.45%	6.70%	♣10.00%	7.70% 3 yrs., 7.20% 2 yrs. ♣ Max. £250
oolwich	6.45%	6.70%	7.95%	7.20% 2 yrs., 7.70% 3 yrs.

* Rates normally variable in line with changes in ordinary share rates.

GAS (6)

Imperial Continental Gas Ass. Cap. 387@5 4. 6pcLn. 175@ (6/7). 7pcLn. 165 2 (4/7)

West African (3)

Amalgamated Tin Mines of Nigeria (Hldgs.) (10p) 23@

Bisichi Tin (10p) 6

Gold and Base Metal Mines (12½p) 9@

Diamond (14)

OIL (138)

PROPERTY (107)

STOCK EXCHANGE REPORT

Thorn delights and lifts flagging equity market

Share index closes 3.5 up at 455.6—Gilts extend recovery

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Jun. 26	July 6	July 7	July 18
July 10	July 20	July 21	Aug. 1
July 24	Aug. 3	Aug. 4	Aug. 15

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

Industrial shares were drifting idly to the end of an Account, described by many brokers as one of the quietest on record, when Thorn Electrical's preliminary trading statement gave a much-needed injection of cheer. Annual profits well in excess of market estimates pleased, but it was the sharp increase in dividend, allowed by the Treasury because of a proposed $25m Eurodollar loan issue, which caused most delight. Thorn made immediate response and closed with a gain of 28 at 338p.

Other equity leaders shook off earlier lethargy and, helped by interest for the Account beginning on Monday, ended at the day's highest. The FT 30-share index regained an initial small loss, was little changed at the 2 pm calculation and, reflecting the late-afternoon developments, closed a net 3.5 firmer at 455.6; this represented a loss on the week of 3.2 but one of only 0.7 on the Account.

Specialist attention continued to focus on Far Eastern issues where Guthrie bounded 17 more to 362p for a rise over the past fortnight of 90 on rumours which included talk of merger possibilities. Other Plantations moved up on the back of the movement, but profit-taking clipped the recent rises among Hong Kong stocks.

British Funds were not left out of the picture. Hardening views that domestic interest rates had reached a short-term peak, which echoed similar thoughts from the other side of the Atlantic about levels there, encouraged light support which extended Thursday's recovery. Hopes about the June trade figures, due next week, also helped sentiment and the shorter maturities eventually took up the running and closed ⅜ better after the longs had stagnated after having posted gains of the same amount in the early trade.

Low-coupon issues attracted interest at both ends of the market and this could auger well for Treasury 3½ per cent 1979/81 and Treasury 3 per cent 1982, both of which will be quoted clean on Monday. Business in the longs was often of little significance, consisting of switching operations, both attempted and actual.

The new Birmingham Variable 1983 $5 made an unimpressive debut at 99¼, compared with the issue price of £99.40, but other Corporation scrips improved ¼.

In the investment currency market, buyers appeared disinterested for a while and the rate fell to 110½ per cent before rallying to close a net 1¼ points down at 110¾ per cent. Yesterday's SE conversion factor was 0.6582 (0.6551).

Activity in Traded Options lessened considerably yesterday. Contracts amounted to 279 compared with 612 on Thursday. Grand Metropolitan and ICI, which recorded 89 and 60 trades respectively, accounted for the major part of the day's business.

Hambros rally further

Hambros rallied afresh to 168p, up 6, and held at that level following publication of the annual results and the company's statement regarding provisions made against its Norwegian shipping loans. Elsewhere in the Banking sector, leading issues were inclined firmer with Barclays, 308p, and Lloyds, 255p, both improving 3. Hong Kong and Shanghai, a good market of late, ran back 9 to 338p, while Australia and New Zealand were quoted ex rights at 278p, with the new shares at 26p premium.

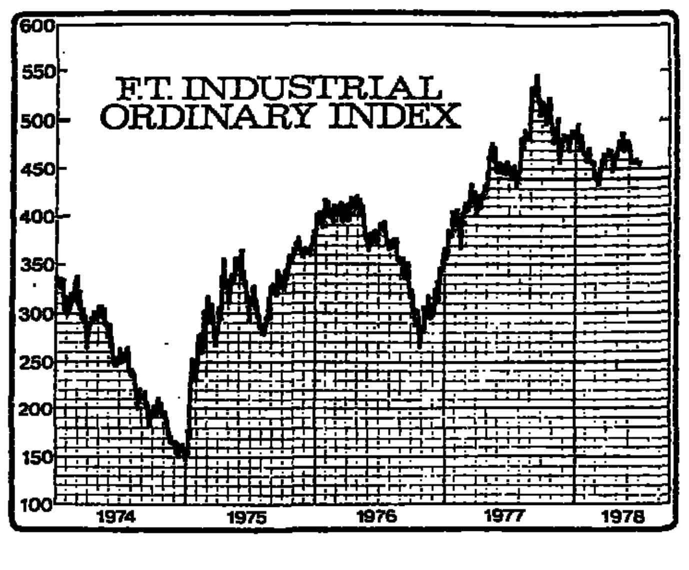
Among Insurances, the encouraging new life business figures from Prudential and Legal and General prompted a slightly firmer trend in life companies. Hambros improved 5 to 305p and rises of 2 were marked against Britannic, 156p, and Prudential, 141p.

Following Thursday's weakness on the results, Scottish and Newcastle opened easier at 63p following Press comment before being briskly traded and closing a shade better on the day at 64p. Greene King rose 6 to 263p in belated response to the results. H. P. Bulmer revived with a gain of 5 to 120p, still 10 off on the week ahead of the preliminary results which are due on Wednesday.

Buildings were easier for choice after a small trade. J. Jarvis shed 5 to 169p on lack of support, and small end account selling left Barratt Developments a penny lower at 98p. Awaiting Monday's preliminary results, British Dredging added a penny more to 41p for a gain of 5 on the week. Wettern Brothers held a 116p, up 19 on the week, following the Board's decision to oppose the increased, 120p, offer from W. and J. Glossop.

News that Tenneco's 195p offer will not be referred to the Monopolies Commission left Albright and Wilson up 3 at 186p. Elsewhere, in thin trading, ICI held a modest improvement at 362p and Fisons, initially lower at 350p, reverted to the overnight level of 355p. Occasional buying lifted Stewart Plastics a couple of pence to 152p and Hilkson and Welch 3 to 193p.

Leading stores rarely stirred from overnight closing levels, but selective interest was again shown in secondary issues. Favourable Press mention stimulated occasional demand for jewellery issues, Time Products improving 3 to 162p and H. Samuel 2 to 298p. Bambers were wanted again and put on 3 more to 80p, while B. Paradise rose 2 to 25p. Among the dull spots, Court (Furnishers) A, 104p, and Liberty, 137p, both firm markets of late, ran back 3 and 9 respectively. Still on the pre-tax loss for the 16-month period, Blackman and Conrad gave up a penny further to 17p.



Thorn surprise

Thorn Electrical moved back into the limelight in Electricals, rising 28 to 338p in active trading on the substantially increased dividend which accompanied the better-than-expected preliminary figures. GEC shrugged aside the previous day's disappointment with the dividend statement which accompanied the results and rose 6 to 263p, while buyers also showed interest in Racal Electronics, 4 up at 249p, and MK Electric, 7 higher at 190p. AB Electronic, however, provided a late dull feature at 110p, down 7, on news of possible redundancies due to the depressed outlook facing the consumer electronics industry.

Apart from Tubes, which encountered occasional buying interest and put on 8 to 348p, movements in the Engineering leaders rarely exceeded a penny either way. Elsewhere, favourable Press mention prompted a rise of 7 to 239p in Davy International, while Capper-Neill hardened 1½ to 79p for a similar reason. Fluidrive rose a penny to 83p on the agreed share exchange offer or cash alternative of 80p per share from Associated Engineering, down 4 at 108p. Weston Evans were dull at 110p, down 5, along with Brasway which eased 2 to 34p.

Although trade showed a slight improvement, price changes in Food shares were again confined to a penny or two in either direction. W. J. Pyke, at 43p, recovered 2 of the previous day's fall of 5 which followed news that a substantial shareholding had been sold at 30p. In Supermarkets, Lennons eased to 30p on the disappointing profits before rallying on revived speculative interest and closing only a penny easier on the day at 32p. Hotels and Caterers were notable only for a rise of 2½ to 103½p in Grand Metropolitan following Press comment.

GR Holdings jump

Inclined easier at the start, miscellaneous Industrial leaders picked up later in the day and final quotations were rarely altered on balance. Elsewhere, GR Holdings featured with a jump of 55 to 550p in response to the capital proposals. Satisfactory results prompted a rise of 2 to 110p in Scottish and Universal, while demand for the new Account starting next Monday left Hay's Wharf a similar amount dearer at 132p, after 135p. Buyers showed interest in Royal Worcester which put on 5 to 135p, but the annual loss and omission of the final dividend caused dullness in B. Fertleman, down 2½ at 26½p. R. W. Toothill, however, held steady at 44p following the reduced loss for the year. Photo-Me were firm at 280p, up 5, and fresh scattered interest was shown in A. Arenson, 2 better at 61p. Still reflecting the interim dividend cut and sharp fall in the half-yearly profits, Thermal Syndicate eased 2 more 95p for a fall of 19 since the announcement.

Motors and Distributors closed without much alteration following an uneventful trade. Lyon and Lyon edged forward a penny to 79p in response to Press comment, while further consideration of the interim figures left Braid 1½ harder at 39½p. Kwik-Fit, a recent speculative favourite, closed marginally easier at 51p: it was announced yesterday that Midland Montague Industrial Finance had disposed of its entire holding of approximately £1.18m shares.

Initially a couple of pence easier on small profit-taking after the recent speculative rise, Thomson rallied on Press comment and closed a net 3 up at 278p. Elsewhere, Gordon and Gotch met small selling in a restricted market and shed 8 to 65p, but Tridant attracted a few buyers and firmed 4 to 70p.

Properties saw an improvement in trade with selected stocks ending the account on a firm note. Land Securities added 2 to 204p and MEPC a penny to 118p. United Kingdom Property hardened 1½ to 20p in response to the annual results and the chairman's cautiously optimistic remarks. Hong Kong issues retreated on profit-taking, with HK Land easing 6½ to 186½p and Swire Properties a penny to 65p.

Oils better

After recent dullness, British Petroleum picked up 10 to 832p for a net loss of 18 on the week. Similarly, Shell rallied 9 to 554p for a loss of 7 on the longer period. Royal Dutch gave up ⅝ to £48 on dollar premium influences.

Overseas Traders had an easier bias. Still reflecting trading news, James Finlay lost 6 to 367p for a two-day fall of 13. Lonrho eased 2 to a 1978 low of 57p, but Ocean Wilsons contrasted with a rise of 4 more to 89p on dividend hopes.

Investment Trusts edged higher in light trading. Archimedes Capital stood out at 39p, up 5, while Lake View Investment, 92p, and Jersey External Preferred, 161p, put on 3 and 4 respectively. Pretabail Sicomi continued firmly in Financials, rising two points to 173 for a two-day improvement of 5.

Shippings rarely moved from the overnight levels, but Lofs continued firmly and ended a shade better at 27p on hopes of early compensation for the State takeover of its Austin and Pickersgill subsidiary.

Carpet shares consolidated the previous day's gains which followed the substantial trading recovery announced by Shaw which moved up a penny to 38p for a two-day rise of 6.

Guthrie continued to feature Plantations, rising 17 to 362p for a rise on the week of 44 on a combination of London and Far Eastern demand. Warren Plantations, however, declined 10 to 228p on nervousness ahead of the annual meeting expected shortly.

Rally in Australians

After drifting for most of the day owing to lack of interest, Australians staged a good rally in the after-hours' business following buying for the next account.

Talk that a statement regarding progress at the Ashton diamond venture is imminent saw Northern Mining rally from 106p to close 2 cheaper on balance at 110p. Conzinc Riotinto, the major partner in the venture, held steady at 234p.

Base-metal producers were mixed with Western Mining moving ahead in late trading to close 4 higher at 147p but MIM Holdings remaining depressed at 196p, a fall of 2.

In Uraniums, Pancontinental were finally ½ cheaper at £13, after £12½.

Coals weakened with Thiess Holdings and Utah Mining Australia both around 10 off at 258p and 375p respectively.

In contrast, South African Golds and Financials passed another quiet session despite the $1.50 recovery in the bullion price to $184.125 per ounce for a week's gain of 75 cents.

Losses in Golds, however, were rarely substantial and heavyweights showed falls ranging to ⅜ as in Free State Geduld, £16⅛, and Vaal Reefs, £14, while lower-priced issues fell by up to 11 as in Durban Deep, 210p, and Stilfontein, which declined 7 to 279p.

Among South African Financials, De Beers fell to 374p before rallying to close 5 lower on balance at 376p—a week's decline of 20—in front of the Central Selling Organisation's half-year sales figure, which is expected shortly.

Anglo-American Corporation were a similar amount easier at 316p.

Among Irish/Canadians, Tara Exploration rallied sharply to close 125 firmer at 925p owing to Canadian buying while interest from the same source lifted Sabina 8 to 68p.

FINANCIAL TIMES STOCK INDICES

—	July 7	July 6	July 5	July 4	July 3	June 30	A year ago
Government Secs.	69.71	69.44	69.02	69.30	69.50	69.52	67.41
Fixed Interest	71.27	71.28	70.98	71.35	71.47	71.45	68.07
Industrial Ordinary	455.6	452.1	452.0	455.1	458.1	460.8	445.7
Gold Mines	157.2	159.5	161.2	160.4	156.4	158.9	111.0
Ord. Div. Yield	5.82	5.85	5.84	5.85	5.78	5.76	5.23
Earnings Y'ld% (full)*	17.64	17.74	17.72	17.69	17.54	17.46	15.86
P/E Ratio (net) (*)	7.54	7.49	7.50	7.51	7.58	7.61	9.18
Dealings marked	4,248	4,195	4,578	4,890	3,817	4,314	4,994
Equity turnover £m	—	60.91	57.81	47.97	48.55	54.95	61.42
Equity bargains total	—	12,948	11,948	11,538	11,699	12,563	15,302

10 am 451.7. 11 am 452.8. Noon 452.4. 1 pm 452.3. 2 pm 452.5. 3 pm 453.6.

Latest Index 01-246 8026.

* Based on 52 per cent corporation tax. † Nil=7.37.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

—	1978 High	1978 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	78.58 (5/1)	68.79 (6/6)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	81.27 (6/1)	70.73 (6/6)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	497.3 (5/1)	433.4 (2/3)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	168.6 (3/3)	130.3 (6/1)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	July 7	July 6
—Daily		
Gilt-Edged	145.3	140.2
Industries	143.4	140.4
Speculative	29.7	44.5
Totals	96.7	95.5
5-day Average		
Gilt-Edged	149.7	146.4
Industries	149.5	150.6
Speculative	35.5	35.0
Totals	98.9	99.2

RISES AND FALLS

	Yesterday Up	Yesterday Down	Yesterday Same	On the week Up	On the week Down	On the week Same
British Funds	74	—	3	358	121	16
Corporations, Dom. and Foreign Bonds	6	4	55	48	49	23
Industrials	237	277	1,025	1,163	1,637	4,89[illegible]
Financial and Prop.	146	37	336	539	361	1,6[illegible]
Oils	6	7	21	28	52	9
Plantation	8	3	21	29	36	9
Mines	18	67	42	165	227	2[illegible]
Recent Issues	6	5	22	22	49	[illegible]
Totals	503	400	1,524	2,152	2,532	7,4[illegible]

NEW HIGHS AND LOWS FOR 1978

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1978.

NEW HIGHS (45)

BUILDINGS (3)
British Dredging Hoveringham R. Vtg.
Helical Bar

CHEMICALS (1)
Albright & Wilson

DRAPERY AND STORES (5)
Bambers Samuel (H.) A
Bremner Time Products
Ramar Textiles

ELECTRICALS (2)
Energy Services M.K. Electric

ENGINEERING (1)
Fluidrive

INDUSTRIALS (3)
Arenson (A.) G.R. Holdings
Diploma Investments

INSURANCE (1)
Trade Indemnity

PAPERS (1)
Oxley Printing

TEXTILES (3)
Allied Textile Toray
Shaw Carpets

TRUSTS (16)
Crescent Japan Monks Inv.
Eng. & N.Y. Trust Romney Trust
G.T. Japan Scottish Inv.
General Funds Scot. Utd. Inv.
Greenfriar Technology Inv.
"Investing in Success" Tribune Inv.
Jardine Japan Haw Par
Lake View Inv. Pretabail-Sicomi

OVERSEAS TRADERS (1)
Steel Bros.

RUBBERS (6)
Bertam Cons. Guthrie
Bradwall Harrisons Malay. Es.
Cons. Plants. Kuala Kepong

MINES (2)
Ayer Hitam Pahang

NEW LOWS (26)

BANKS (2)
Kleinwort Benson Fraser Ansbacher

BUILDINGS (3)
Gough Cooper Travis & Arnold
May & Hassell

CHEMICALS (1)
Ciba Geigy 8½pcCv. 82-95

DRAPERY AND STORES (2)
Dixons Photo Lincroft Kilgour

ENGINEERING (5)
Allen (E.) Balfour Danks Gowerton
Bailey (C. H.) Lloyd (F. H.)
Bristol Channel

FOODS (1)
Bassett (G.)

INDUSTRIALS (4)
Fertleman (B.) Thermal Syndicate
GR Hldgs. UKO Intl.

MOTORS (1)
Assoc. Eng.

NEWSPAPERS (1)
Gordon & Gotch

SHIPPING (4)
Hunting Gibson P & O Defd.
Lyle Shipping Runciman (W.)

OVERSEAS TRADERS (1)
Lonrho

MINES (1)
East Rand Cons.

OPTIONS

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
July 4	July 17	Sep. 28	Oct. 10
July 18	July 31	Oct. 12	Oct. 24
Aug. 1	Aug. 14	Oct. 26	Nov. 7

For rate indications see end of *Share Information Service*

Stocks favoured for the call were GEC, Swire Pacific A, Geo. Wimpey, English Propert[illegible], Lonrho, Pauls and White[illegible], Energy Services, Northern Mi[illegible]ing, Queen's Moat Houses, Briti[illegible] Dredging, Bellway, Guthri[illegible], Ultramar, RFD, UDT and Fluidrive, while doubles were arranged in GEC, Consolidate[illegible] Plantation Warrants and La[illegible]broke Warrants. A short-date[illegible] call was transacted in Guthrie.

ACTIVE STOCKS

ON THE WEEK—

Stock	Denomination	No. of marks	Closing price (p)	Change on week	1978 high	1978 low
ICI	£1	57	362	− 9	396	328
BP	£1	54	832	− 8	892	720
Shell Transport	25p	52	554	+ 2	586	484
BATs Defd.	25p	48	255	−15	296	227
GEC	25p	45	263	− 3	278	233
Barclays Bank	£1	41	308	− 4	358	296
Guthrie Corp.	£1	41	362	+44	362	211
Grand Met.	50p	40	103½	− ½	117½	87
HK & Shanghai Bk.	HK$2.50	35	338	+17	347	203
Burmah Oil	£1	33	59	− 3	72	42
Beecham	25p	32	645	+ 5	678	583
Boots	25p	32	198	−10	231	184
Marks & Spencer	25p	32	143	− 3	160	135
P & O Defd.	£1	32	85	− 5	118	84
Rank Org.	25p	30	234	− 4	268	226

YESTERDAY—

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1978 high	1978 low
Guthrie Corp.	£1	9	362	+17	362	211
ICI	£1	9	362	+ 1	396	328
BATs Defd.	25p	8	255	− 5	296	227
Barclays Bank	£1	8	308	+ 3	358	296
UDT	25p	8	37	+ 2	48	32
Fluidrive	20p	7	83	+ 1	83	52
GEC	25p	7	263	+ 6	278	233
Prudential Assnce.	5p	7	141	+ 2	173	137
Shell Transport	25p	7	554	+ 9	586	484
BP	£1	6	832	+10	892	720
Grand Met.	50p	6	103½	+ 2½	117½	87
GUS "A"	25p	6	266	− 4	312	256
Racal Elect.	25p	6	249	+ 4	254	196
Royal Insurance	25p	6	343	—	425	343
Trust Houses Forte	25p	6	212	—	224	166

The above list of active stocks is based on the number of bargains recorded yesterday in the Official List and under Rule 163(1) (e) and reproduced to-day in Stock Exchange dealings.

BASE LENDING RATES

A.B.N. Bank	10 %	■ Hambros Bank	10 %
Allied Irish Banks Ltd.	10 %	■ Hill Samuel	§10 %
American Express Bk.	10 %	C. Hoare & Co.	†10 %
Amro Bank	10 %	Julian S. Hodge	11 %
A P Bank Ltd.	10 %	Hongkong & Shanghai	10 %
Henry Ansbacher	10 %	Industrial Bk. of Scot.	10 %
Banco de Bilbao	10 %	Keyser Ullmann	10 %
Bank of Credit & Cmce.	10 %	Knowsley & Co. Ltd.	12 %
Bank of Cyprus	10 %	Lloyds Bank	10 %
Bank of N.S.W.	10 %	London Mercantile	10 %
Banque Belge Ltd.	10 %	Edward Manson & Co.	11½%
Banque du Rhone	10 %	Midland Bank	10 %
Barclays Bank	10 %	■ Samuel Montagu	10 %
Barnett Christie Ltd.	11 %	■ Morgan Grenfell	10 %
Bremar Holdings Ltd.	11 %	National Westminster	10 %
Brit. Bank of Mid. East	10 %	Norwich General Trust	10 %
■ Brown Shipley	10 %	P. S. Refson & Co.	10 %
Canada Perm't. Trust	10 %	Rossminster Ltd.	10 %
Capital C & C Fin. Ltd.	10 %	Royal Bk. Canada Trust	10 %
Cayzer Ltd.	10 %	Schlesinger Limited	10 %
Cedar Holdings	10½%	E. S. Schwab	11½%
■ Charterhouse Japhet	10 %	Security Trust Co. Ltd.	11 %
Choulartons	10 %	Shenley Trust	11 %
C. E. Coates	11 %	Standard Chartered	10 %
Consolidated Credits	10 %	Trade Dev. Bank	10 %
Co-operative Bank	*10 %	Trustee Savings Bank	10 %
Corinthian Securities	10 %	Twentieth Century Bk.	11 %
Credit Lyonnais	10 %	United Bank of Kuwait	10 %
The Cyprus Popular Bk.	10 %	Whiteaway Laidlaw	10½%
Duncan Lawrie	10 %	Williams & Glyn's	10 %
Eagil Trust	10 %	Yorkshire Bank	10 %
English Transcont.	11 %		
First Nat. Fin. Corpn.	12 %		
First Nat. Secs. Ltd.	12 %		
■ Antony Gibbs	10 %		
Greyhound Guaranty	10 %		
Grindlays Bank	‡10 %		
■ Guinness Mahon	10 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 7%, 1-month deposits 7½%.
† 7-day deposits on sums of £10,000 and under 6½%, up to £25,000 7½%, and over £25,000 7¾%.
‡ Call deposits over £1,000 7%.
§ Demand deposits 7½%.

LONDON TRADED OPTIONS

Option	Exercise price	July Closing offer	July Vol.	October Closing offer	October Vol.	January Closing offer	January Vol.	Equity close
BP	750	82	1	103	—	123	—	830p
BP	800	32	—	62	—	87	—	
BP	850	3	—	32		9	3	
BP	900	½	—	17	—	38	3	
Com. Union	140	3	—	9	—	14	—	141p
Com. Union	160	½		4	—	7	—	
Cons. Gold	160	16	2	24	—	27	—	174p
Cons. Gold	180	2¼	2	10	—	16	—	
Courtaulds	100	14½	—	19	—	21	—	114p
Courtaulds	110	5	1	12	—	14½	—	
Courtaulds	120	1½	—	6	2	8½	—	
Courtaulds	130	½	2	2½	6	6½	—	
GEC	220	41	2	47	5	54	—	260p
GEC	240	21	13	32	13	40	—	
GEC	260	5	5	17	20	28	—	
GEC	280	1	—	9	—	18	—	
Grand Met.	100	4	46	9½	5	13½	—	103p
Grand Met.	110	½	—	5½	1	9	—	
Grand Met.	120	¼	—	2¼	15	5¼	22	
ICI	330	34	—	43	13	48	10	361p
ICI	360	7½	2	19½		27	—	
ICI	390	1	—	7½	19	17	—	
ICI	420	¼		2	16	9		
Land Secs.	180	25	4	28½	—	32	5	203p
Land Secs.	200	5½	—	12½	3	17½	10	
Land Secs.	220	¾		4½	—	8½	5	
Marks & Sp.	120	24	2	28	—	30	—	143p
Marks & Sp.	140	4½	—	11½	—	16	—	
Marks & Sp.	160	¼	—	4	—	8½	—	
Shell	500	52	5	65	—	77	—	550p
Shell	550	7½	6	29	—	45	—	
Shell	600	¾	—	10	5	20	5	
Totals			93		125		63	

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price p	+ or −	Div. Amount	Times Covered	Gross Yield	P/E Ratio
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue Price £	Amount Paid Up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price £	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue Price p	Amount Paid Up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price p	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS and SUB-SECTIONS	Fri., July 7, 1978 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 34%)	Est. P/E Ratio (Net)	Thurs. July 6 Index No.	Wed. July 5 Index No.	Tues. July 4 Index No.	Mon. July 3 Index No.	Year ago (approx.) Index No.	1978 High	1978 Low	Since Compilation High	Since Compilation Low
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST PRICE INDICES

British Government	Fri. July 7	Day's change %	xd adj. To-day	xd adj. 1978 to date
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST YIELDS Br. Govt. Av. Gross Red.

		Fri. July 7	Thurs. July 6	Year ago (approx.)	1978 Highs	1978 Lows
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

	Fri. July 7 Index No.	Yield %	Thurs. July 6	Wed. July 5	Tues. July 4	Mon. July 3	Fri. June 30	Thurs. June 29	Wed. June 28	Year ago (approx.)	1978 High	1978 Low	Since Compilation High	Since Compilation Low
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

INSURANCE, PROPERTY, BONDS

AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

EUROPEAN OPTIONS EXCHANGE

Series		July Vol.	July Last	Oct. Vol.	Oct. Last	Jan. Vol.	Jan. Last	Stock
KZ	F27.50	—	—	2	4.60	1	5.80	F29.30
KZ	F30	—	—	10	2.80	17	3.60	"
KZ	F32.50	—	—	10	1	28	2	"
K	$50	3	2¾	10	4⅞	—	—	$52
M	$50	5	8⅝	—	—	—	—	$58⅜
M	$60	8	¼	6	2	—	—	"
HO	F32.50	—	—	6	3.20	4	4.50	F33.30
HO	F35	—	—	—	—	9	3.20	"
HO	F37.50	—	—	12	1	1	1.60	"
KLM	F150	—	—	10	14.50	5	19	F158
KLM	F160	10	5	3	12	13	15	"
KLM	F170	—	—	18	7.10	15	13	"
KLM	F180	7	0.50	10	6	—	—	"
KLM	F200	2	0.20	—	—	2	6.40	"
KLM	F220	—	—	—	—	2	3.50	"
NN	F93.90	—	—	7.80	6.10	27	8	F99.60
NN	F108.90	—	—	—	—	25	2.60	"
PHI	F25	6	1.80	—	—	10	2.90	F26.40
PHI	F27.50	—	—	—	—	25	1.50	"
RD	$40	—	—	1	2¼	—	—	$38⅜
RD	F120	18	11.70	7	13.20	—	—	F132
RD	F130	22	2.10	16	4.60	—	—	"
RD	F140	—	—	8	1.50	35	2.70	"
UNI	F110	—	—	—	—	1	14	F122.60
UNI	F120	37	2.80	10	5.50	1	6	"
UNI	F130	—	—	13	0.90	15	2.60	"
		Aug.		Nov.		Feb.		
BA	$45	8	7¾	—	—	—	—	$51⅞
OXY	$20	—	—	—	—	8	1⅝	$21⅛

NOTES

Prices do not include $ premium, except where indicated ✦, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b To-day's prices. c Yield based on offer price. d Estimated. g To-day's opening price. h Distribution free of U.K. taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♦ Net of tax on realised capital gains unless indicated by ◊. ¶ Guernsey gross. # Suspended. ◊ Yield before Jersey tax. † Ex-subdivision.

INSURANCE BASE RATES

† Property Growth 10¼%
† Vanbrugh Guaranteed 9.50%

† Address shown under Insurance and Property Bond Table

CORAL INDEX: Close 451-456

FT SHARE INFORMATION SERVICE

**BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

1978 High	Low	Stock	Price £	+ or —	Div. % Gross	Red. Yield
23	17	Antofagasta Rly	23	.....	—	—
38	33	Do 5pc Pref	38	.....	—	—
98	98	Chilean Mixed	98xd	.....	—	f3.10
415	350	German Ync 4½pc	405xd	.....	4½	—
54	46	Greek 7pc Ass	54	.....	3½	f6.48
51	46	Do 6pc 28 Stab Ass	51	.....	6	f6.00
44	40	Do 4pc Mixed Ass	43xd	.....	4	f4.65
55	42	Hung 24 Ass	55	.....	4½	5.00
77	65	Ireland 6½pc '83-88	65xd	.....	—	12.60

BONDS & RAILS—Cont.

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

S.E. List Premium 31¼% (based on US$1.8715 per £)
Conversion factor 0.6382 (0.6551)

CANADIANS

S.E. List Premium 31¼% (based on $2.1054 per £)

BANKS AND HIRE PURCHASE

BANKS & HP—Continued

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

CHEMICALS, PLASTICS—Cont.

CINEMAS, THEATRES AND TV

DRAPERY AND STORES

ELECTRICAL AND RADIO

ENGINEERING MACHINE TOOLS

ENGINEERING—Continued

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

FINANCIAL TIMES

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INDUSTRIALS—Continued

[illegible]

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[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

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[illegible]

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[illegible]

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[illegible]

PROPERTY—Continued

[illegible]

SHIPBUILDERS, REPAIRERS

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INV. TRUSTS—Continued

[illegible]

Finance, Land, etc.

[illegible]

FINANCE, LAND—Continued

[illegible]

OILS

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES

CENTRAL RAND

[illegible]

EASTERN RAND

[illegible]

FAR WEST RAND

[illegible]

O.F.S.

[illegible]

FINANCE

[illegible]

DIAMOND AND PLATINUM

[illegible]

MINES—Continued

CENTRAL AFRICAN

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
210	155	Falcon Rh.50c	175	......	Q50c	1.3	24.4
24	15	Rhod'n Corp. 16½p.	16	......	0.56	7.1	5.3
80	52	Roan Cons. K4	70	......	—	—	—
175	122	Tanganyika 50p	156	+1	Q10.0	1.2	6.4
90	78	Do. Pref. 80p	87	......	Q9½	16.3	8.3
41	32	Wankie Col. Rh.1	34	......	†Q7½c	1.4	18.8
16½	10	Zam.Cpr.SBD0.24	14½	......	—	—	—

AUSTRALIAN

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
15	10	Acmex 25c	13	......	—	—	—
132	64	Bougainville 50 Toea	117	−1	Q5c	1.4	4.3
125	63	BH South 50c	111	−2	—	—	—
620	150	Central Pacific	525	−50	—	—	—
245	148	Conzinc Riotinto 50c	234	......	Q10c	2.2	2.7
72	45	G.M. Kalgoorlie $1	46	+1	—	—	—
140	81	Hamptn Areas 5p	133	−3	Q3.5	2.0	4.1
40	10	Metals Ex. 50c	27½	−½	—	—	—
220	125	M.I.M. Hldgs. 50c	196	−2	Q9c	1.7	2.8
39	10	Mount Lyell 25c	24	......	—	—	—
6½	1½	Newmetal 10c	4½	......	—	—	—
143	79	North B. Hill 50c	121	−2	Q6c	1.5	4.1
16	8½	Nth. Kalgurli	13	−½	—	—	—
178	117	Oakbridge $A1	161	......	†Q11c	1.9	4.3
50	30	Pacific Copper	46	......	—	—	—
£14¾	750	Pancont'l 25c	£13	−¼	—	—	—
40	12	Paringa M&Ex. 5p	37	−2	—	—	—
538	310	Peko-Wallsend 50c	516	......	Q15c	4.0	1.8
300	50	Southern Pacific	225	+5	—	—	—
160	84	Westn. Mining 50c	147	+4	‡Q6c	1.4	‡
70	35	Whim Creek 20c	60	+5	—	—	—

TINS

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
30	24	Amal. Nigeria	25	......	†2.51	1.6	15.2
385	240	Ayer Hitam $M1	385	+5	‡Q41½c	0.9	‡
60	45	Beralt Tin	53	......	3.75	4.4	11.3
295	200	Berjuntai $M1	295	+5	‡Q110c	ϕ	‡
145	111	Geevor	130	−5	b4.51	3.4	5.3
10	8½	Gold & Base 12½p	9½	......	—	—	—
295	220	Gopeng Cons.	295	......	15.0	0.9	7.8
165	130	Hongkong	160	......	—	—	—
93	78	Idris 10p	85	......	12.0	1.6	22.6
11	10	Jantar 12½p	10	......	—	—	—
77	68	Kamunting $M0.50	77	......	‡Q15.5c	0.7	4.3
510	450	Killinghall	490	......	Q125	ϕ	27.4
410	280	Malay Dredging $M1	410	......	†Q95c	0.8	5.0
73	40	¶Pahang	73	+2	‡Q3.75c	0.5	‡
62	50	Pengkalen 10p	61	......	6.5	1.3	16.1
225	165	Petaling $M1	225	......	†Q80c	1.6	8.2
61	49	Saint Piran	49	......	c1.99	4.6	6.2
61	47	South Crofty 10p	57	−2	4.13	2.0	11.5
220	140	South Kinta $M0.50	210	......	‡Q77.5c	1.4	8.0
315	230	Sthn Malayan $M1	315	......	‡Q131.3c	1.1	9.0
228	134	Sungei Besi $M1	225xd	−3	Q65c	ϕ	6.2
78	55	Supreme Corp. $M1	78	......	‡Q10c	—	2.8
100	85	Tanjong 15p	92	......	6.5	0.8	10.7
100	74	Tongkah Hrbr. $M1	92	......	‡Q6.27c	1.6	‡
225	148	Tronoh $M1	225	......	‡Q88c	1.6	8.4

COPPER

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
100	70	Messina R0.50	83	−3	‡Q30c	1.9	‡

MISCELLANEOUS

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
61	35	Barymin	53	......	—	—	—
17	9	Burma Mines 17½p.	14	......	—	—	—
300	220	Cons. Murch. 10c	260	......	‡Q30c	2.6	‡
465	245	Northgate C$1	415	+30	—	—	—
234	164	R.T.Z.	216	+2	9.5	2.8	6.7
90	30	Sabina Inds. C$1	68	+8	—	—	—
£12	750	Tara Exptn. $1	925	+125	—	—	—
45	43	Tehidy Minerals 10p	43	......	1.33	ϕ	4.7
180	120	Yukon Cons. C$1	169	......	Q7c	2.9	2.0

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 34 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Δ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ¢ Price at time of suspension.
- § Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividends or forecasts.
- ◆ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ✣ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. ‡‡ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xcd ex capital distribution.

"Recent Issues" and "Rights" Page 22

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REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Stock	Price	+ or —
Albany Inv. 20p	23	......
Ash Spinning	41	+1
Bertam	21	......
Bdg'wtr. Est. 50p	267	......
Clover Croft	26	......
Craig & Rose £1	475	......
Dyson (R. A.) A	38	......
Ellis & McHdy.	61	......
Evered	17½	......
Fife Forge	50	......
Finlay Pkg. 5p	23½	......
Graig Ship. £1	140	......
Higsons Brew	73	......
I.O.M. Stm. £1	150	......
Holt (Jos.) 25p	260	......
N'thn Goldsmith	55	......
Pearce (C. H.)	165	......
Peel Mills	20	......
Sheffield Brick	45	......
Sheff. Refrshmt.	52	......
Sindall (Wm.)	103	......

IRISH

Stock	Price	+ or —
Conv. 9% '80-82	£90¾	......
Alliance Gas	70	......
Arnott	337	......
Carroll (P.J.)	96	+1
Clondalkin	98	+1
Concrete Prods.	130	......
Heiton (Hldgs.)	40	......
Ins. Corp.	148	......
Irish Ropes	130	......
Jacob	63	......
Sunbeam	30	......
T.M.G.	175	......
Unidare	90	......

OPTIONS
3-month Call Rates

Industrials					
A. Brew	8½	I.C.I.	20	Tube Invest.	30
A.P. Cement	18	"Imps"	6	Unilever	35
B.S.R.	9	I.C.L.	20	Utd. Drapery	7½
Babcock	11	Inveresk	8	Vickers	15
Barclays Bank	25	KCA	3	Woolworths	5
Beecham	35	Ladbroke	17	**Property**	
Boots Drug	15	Legal & Gen.	14	Brit. Land	3¾
Bowaters	16	Lex Service	7	Cap. Counties	4½
B.A.T.	24	Lloyds Bank	22	E.P.	5
British Oxygen	6	"Lofs"	4	Intereuropean	4
Brown (J.)	20	London Brick	5	Land Secs.	16
Burton 'A'	12	Lonrho	5	MEPC	12
Cadburys	5	Lucas Inds.	25	Peachey	8
Courtaulds	10	Lyons (J.)	10	Samuel Props.	9
Debenhams	8	"Mams"	7	Town & City	1¼
Distillers	15	Mrks. & Spncr	10	**Oils**	
Dunlop	7	Midland Bank	25	Brit. Petroleum	45
Eagle Star	11	N.E.I.	12	Burmah Oil	5
E.M.I.	14	Nat. West. Bank	22	Charterhall	3
Gen. Accident	17	Do. Warrants	10	Shell	28
Gen. Electric	18	P & O Dfd.	8	Ultramar	20
Glaxo	40	Plessey	6	**Mines**	
Grand Met.	9	R.H.M.	5	Charter Cons.	12
G.U.S. 'A'	20	Rank Org. 'A'	18	Cons. Gold	14
Guardian	18	Reed Intnl.	12	Rio T. Zinc	16
G.K.N.	22	Spillers	3		
Hawker Sidd.	20	Tesco	4		
House of Fraser	12	Thorn	22		
		Trust Houses	15		

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES
Saturday July 8 1978

MEN OF THE WEEK

Top pay for top people

BY JOHN ELLIOTT

THE PRIME MINISTER'S announcement early this week that the Government was authorising pay rises of 70 to 100 per cent for nationalised industry chairmen and board members—involving some increases of up to £21,000 a year—marked the successful climax of the first collective campaign ever waged by some of those involved.

People earning up to £25,000 or more a year are not the most likely recruits for trade union style operations, and even now the chairmen and board members would probably prefer to believe that it was not their collective representation but the self-evident justice of their case, and the individual influence they can wield in the corridors of Whitehall and Westminster, that won them the day.

In fact the success was due to a number of factors and the result was that, along with other top-level public servants in the armed forces, judiciary, and Civil Service, they successfully persuaded a Labour Prime Minister, a a politically inconvenient time, to recognise their plight.

Their problem, partly caused by pay recommendations made for them in 1974 being shelved by the Government, is that they have dropped seriously behind the salary levels of their counterparts in private industry where chairmen of top companies on about £40,000 to £90,000 a year or more are earning between two and four times the £20,000 to £30,000 present range of main nationalised industry salaries.

Evidence

The pay of the chairmen and board members comes within the remit of the Government's Top Salaries Review Body which, under the chairmanship of Lord Boyle, the former Tory Minister, also covers the top forces' officers, judges, and civil servants.

It received evidence and research information, before it presented its latest report to the Prime Minister last month, from more than 150 individuals ranging from top judges to a Marshal of the Royal Air Force, Civil Service union leaders, board chairmen, and Government Ministry permanent secretaries.

But in order to win, those involved had to persuade not only the Boyle Review Body to report in their favour, but also the Prime Minister and his colleagues to pay up. Formal and informal political and personal pressures therefore came into play.

Top civil servants belong to two long established unions which have recently affiliated to the TUC (the First Division Association and the Institution of Professional Civil Servants); but the individual permanent secretaries also pack their own personal punch. Judges and generals have no official central collective voice, although the Lord Chancellor's Department is said to be adept at showing why barristers' high fees necessitate rises for judges, and the Chiefs of the Defence Staff have their own unique authority.

But it was those in the nationalised industry who for the first time were flexing some collective muscle, through two organisations. First there was the Association of Members of State Industry Boards which was set up to funnel frustration when the 1974 rises were not paid. It claims 100 members (out of 150 or so) in nationalised and regional State boards and draws most of its strength from the electricity and gas industries. It has some members on the Post Office and airways boards but few, if any, on the steel or railways boards. Run from Merseyside by a retired regional electricity chairman, Mr. Denis Dodds, it has yet to gain formal recognition from the Government although its leaders have met Lord Peart, the Lord Privy Seal.

Action

The other organisation is older and more influential. It dates from the late 1960s when Lord Robens, then Coal Board chairman, founded a lunching club for fellow chairmen of the seven main nationalised industries. Called the Nationalised Industries' Chairmen's Group it now has some 20 members and has developed its own small bureaucracy and specialist sections dealing with specific issues. It received recognition from Harold Wilson when he was Prime Minister in 1975 and a dozen chairmen have meetings about twice a year with the Chancellor of the Exchequer. Its present leaders are Sir Peter Parker of British Rail and Sir Denis Rooke of British Gas and it was a meeting some of them had with Mr. Callaghan after Christmas that evidently persuaded the Prime Minister that action had to be taken over their salaries. Their evidence also influenced the Boyle findings and the impact of their public and private pronouncements means that collectively they have achieved what individually would have been beyond their grasp.

Shcharansky trial starts on Monday

BY OUR FOREIGN STAFF

MR. ANATOLY SHCHARANSKY the imprisoned Jewish dissident whose fate has prompted worldwide concern and the explicit intervention of President Jimmy Carter, goes on trial in Moscow on Monday on charges of high treason.

The U.S. yesterday voiced serious concern at the decision. A strongly worded State Department statement questioned the fairness of the trial.

Officials said the trials of Mr. Shcharansky and Mr. Alexander Ginzburg, which is due to start the same day could well sour the atmosphere at the renewed SALT negotiations. They were puzzled why the trials, expected for some time now, should have been so abruptly scheduled on the eve of the Geneva talks.

Mr. Cyrus Vance, U.S. Secretary of State, is due to meet Mr. Andrei Gromyko, Soviet Foreign Minister, in Geneva next week, for another round of Strategic Arms Limitation talks.

If convicted, Mr. Shcharansky, the former principal liaison between Jewish and democratic dissidents and the Western Press, could be sentenced to death.

Tass, the Soviet news agency, announced the long-awaited trial in a tersely-worded note to foreign journalists. The note said the trial would begin at 10 am in a people's court in the Proletarsky district.

Tass said that the specific accusation against Mr. Shcharansky, who has been held virtually incommunicado for 16 months in Moscow's Lefortovo prison, would be espionage.

The trials highlight the unprecedentedly thorough Soviet crackdown on dissent and the tension in U.S.-Soviet relations.

Mr. Shcharansky, 30, a computer expert, has been accused in the Soviet Press of providing information for the U.S. Central Intelligence Agency, a charge which President Carter specifically denied.

Tass said the Foreign Ministry will hold regular briefings for correspondents on the progress of the trial in a courtroom on the opposite side of the city.

The Soviet Press has already described Mr. Shcharansky, who tried unsuccessfully to emigrate to Israel, as a "traitor."

Both Mr. Shcharansky and Mr. Ginzburg, who faces charges of anti-Soviet agitation in Kaluga, south-west of Moscow, were prominent members of the dissident committee which sought to monitor Soviet observance of the Helsinki Accords.

Chrysler strikers vote tomorrow on offer

BY OUR LABOUR STAFF

STRIKING toolmakers who have halted Chrysler car assembly in the Midlands will decide tomorrow whether to return to work.

At a meeting yesterday between employers, unions and the Government, ministers made it clear that the toolmakers could not be made a special case under the 10 per cent guidelines.

But the meeting with Mr. Alan Williams, Industry Minister, and Mr. Harold Walker, Employment Minister, was followed by talks between Mr. George Lacy, managing director of Chrysler UK, and Mr. Terry Duffy, president-elect of the Amalgamated Union of Engineering Workers, at which a formula was agreed which may settle the men's claim for improved differentials.

The company has agreed to open negotiations with the toolmakers on a self-financing productivity deal as soon as they return to work. This will be considered by shop stewards this morning and they will make a recommendation to tomorrow's meeting of the 350 men.

However, Chrysler's factory at Linwood, Scotland, appears unlikely to resume production before the middle of August after talks yesterday failed to resolve a separate week-long strike by 550 paint shop workers.

The plant will close on Thursday night for the annual three-week-summer holiday and, following the failure yesterday of five hours of talks arranged by the Advisory, Conciliation and Arbitration Service, shop stewards believe there is little chance of a settlement before then.

Paint shop workers are being called to a meeting to-morrow to hear details of new company proposals for determining temperatures in hot areas of the shop.

The dispute is over management attempts to speed up production by cutting rest breaks in these areas.

Mr. James Livingstone, Transport and General Workers' Union convener, said yesterday that he thought it unlikely that the proposals would be accepted.

Mr. Peter McGrath, managing director of BL Components, warned yesterday that a strike by 640 press operators at the Pressed Steel Fisher Swindon factory could be the "last straw which breaks the camel's back."

He said that August was expected to be the best month for many years and it was essential that BL should take 25 per cent of the market if it was to avoid agonising decisions to reduce the workforce.

The Swindon dispute, over the stacking of reject body panels, is certain to lead to lay-offs at BL production plants supplied by the factory next week.

Mr. McGrath said that workers' reluctance to accept change was the main reason for BL's falling productivity. Employees had more to gain from co-operating with improved productivity than trying to resist it.

Continued from Page 1

Philips

mended retail prices had become meaningless because most retailers were selling way below them and that claims like "£10 off recommended price" helped nobody.

The major appliance division, however, has decided to reverse this decision ahead of the rest of the group because all its major competitors have continued to recommend prices. This meant that retailers were able to quote large notional savings on other manufacturers' goods.

The division is also concerned about fierce price-cutting. This has been intensified in recent years by the emergence of discount chains and the entry of supermarket groups into the durables market, and has put independent specialist shops at a disadvantage.

Mr. Ron Seers, the division's sales director, said yesterday that, as manufacturers with a "real and genuine interest" in the progress of the industry, the company could not condone the formula of selling just on price. The division did not wish to be associated with this type of strategy.

In an attempt to stabilise the market and give both sides of the industry reasonable margins, the division had sent suggested "going prices" to the trade for implementation by the end of August.

To maintain competitiveness, he said, the division would be prepared to accept a "deviation of 2.5 per cent below the figures suggested." This would become the minimum advertised price. This action would bring stability and realistic margins, he hoped.

The question of recommended retail prices has worried the Department of Prices and the Office of Fair Trading for some time. The OFT published proposals recently which would prevent retailers making price comparisons with recommended prices but would allow manufacturers to go on recommending them as a guide to the trade.

Continued from Page 1

EEC

chaired the Bremen meeting emphasised that the new scheme was not hostile to the dollar. Indeed, he said that both he and President Giscard d'Estaing of France had spoken to President Carter in the past few weeks; and that he had given the plan his political endorsement.

It is envisaged that the currency arrangements proposed would run for an initial period of two years, during which the proposed central fund would apparently be managed on an intergovernment basis.

Thereafter it would be consolidated into a European Monetary Fund.

Nigeria to raise $1bn Euroloan

BY MARY CAMPBELL

NIGERIA IS to raise a $1bn Eurocurrency loan from international banks, her second within a year. The funds will go toward the capital projects in the third national development plan.

A Nigerian negotiating team has been in London for 10 days to clinch the deal after negotiations in Lagos.

The mandate to arrange the loan was awarded yesterday by Mr. Y. K. Bello, Secretary for Finance at the Nigerian Ministry of Finance, to a group consisting of Dresdner Bank; National Westminster Bank; Chase Manhattan Ltd.; Citicorp International; First Chicago Ltd.; and Midland Bank.

The Nigerians have been advised by First Boston (Europe) throughout the negotiations.

The terms of the loan include a margin over inter-bank rates of 1 per cent for the first four years rising to 1¼ per cent for the last four, slightly higher than on the last loan.

Thorn allowed to boost dividend by 72%

BY MARGARET REID

THORN Electrical Industries, the lighting, television sets and domestic appliances group, is being allowed by the Tresaury to increase its dividend by 72 per cent in connection with a cash-raising $25m (£13.4m) issue of convertible Eurobonds.

The move follows last week's news that Boots was making a $30m (£16m) convertible bond issue, with which it coupled the promise of an almost doubled dividend. Other companies which have been permitted in the past year to raise their dividends by much more than the usual 10 per cent limit, in order to give added attraction to a Eurobond issue convertible into shares, include Beecham and Babcock and Wilcox.

Thorn's issue of $25m convertible guaranteed bonds 1988, being made through a new Dutch subsidiary, Thorn International Finance BV, is designed to refinance part of the group's £50m or so of short-term overseas borrowings. The proceeds will also provide more working capital for the foreign subsidiaries.

The announcement about the much increased dividend and pre-tax profits up 8.2 per cent to £110.3m, was well received in the stock market, where Thorn's shares jumped 28p to 338p.

Results, Page 16

White Paper likely soon on Phase Four guidelines

BY OUR LABOUR CORRESPONDENT

A GOVERNMENT White Paper on pay guidelines after Phase Three of its pay policy expires at the end of this month is probable early in the week beginning Monday, July 24.

The Prime Minister is scheduled to meet Confederation of British Industry leaders on July 19 and they will report back to their council later the same day. Another meeting between the Government and TUC is likely at about the same time, although Ministers appreciate that there can be no prospect of the trades union movement's formally endorsing any pay norm for the next 12 months.

Consequently the Government has little option but to proceed in the same style as last year, and will name a single-figure earnings target which it will then apply strictly in its role as public sector employer.

The White Paper will come at about the same time as the TUC general council and the Labour Party national executive committee consider the final draft of their new policy document, Into the 80s: An Agreement. This, which acknowledges in general terms the need for continuing some form of broad understanding on pay between the Government and unions, will form the basis of the TUC general council's report to Congress on pay policy.

While there can be no endorsement of a specific pay norm the need to support the Government in a probable election year is paramount in the thinking of many union leaders.

Callaghan's gamble, Page 14

Uneasy calm falls on Beirut

BY DAVID LENNON

TEL AVIV, July 7.

ISRAEL TODAY watched with satisfaction the calm, however uneasy, which descended on Beirut after the warnings from Jerusalem that it would not stand idly by while Syrian troops destroyed the Christian militia in Lebanon.

Israel has reinforced its troops on the northern border, but no major intervention is being contemplated.

The Syrian action against the Christian forces in Lebanon will be discussed by the Cabinet on Sunday. It is expected that the Government will empower the Army to take whatever steps are necessary to restrain the Syrians, without provoking a direct conflict.

The belief here is that warnings given yesterday by Mr. Ezer Weizman, Defence Minister, Major-General Shlomo Gazit, Head of Military Intelligence, and Dr. Elihahu ben-Elissar, Director-General of the Prime Minister's Office, had a pacifying effect.

The flight of Kfir jets over Beirut yesterday was a demonstration of how seriously Israel views the latest developments on its northern frontier.

Reinforcements

Reports that Syria had reinforced its forces deployed along the Golan Heights caused little concern here. Israel is confident that its military strength is so overwhelming that President Hafez al Assad would not risk any confrontation.

Ihsan Hijazi reports from Beirut: Since Israel's show of strength no serious fighting or shelling has occurred since Wednesday night.

Today, visitors to the eastern quarters of Beirut were able to witness the devastation of the past few days and also found the Christian fighters not only defiant towards the Syrians but also elated over the support received from the Israelis.

Phalangist militiamen talked openly about partition and plans to establish a Christian State in the areas controlled by them—with Israeli assistance if necessary.

Our Foreign Staff writes: despite the de facto ceasefire in force since Wednesday morning, the U.S. Administration regards the situation in the Lebanon with grave concern.

Through diplomatic channels it was trying to persuade Syria to stop its troops from further attacks on the Christian forces and Israel to keep out of the conflict.

The State Department is also concerned that the fighting in the Lebanon could jeopardise the U.S. Administration's efforts to bring about resumption of direct peace negotiations between Egypt and Israel.

Weather

UK TODAY

RATHER COOL. Some rain.

London, S.E., Cent. S. England, E. Anglia, Midlands, Channel Is.
Rain at first. Max. 16C (61F).

East, Cent. N., N.E. England
Outbreaks of rain. Wind N.W., gales in exposed places. Max. 14C-16C (57F-61F).

S.W. England, Wales
Rain early, scattered showers later. Max. 16C (61F).

N.W. England, Isle of Man, S.W. Scotland, Glasgow, Argyll, N. Ireland
Showers, perhaps bright intervals later. Max. 15C (59F).

Borders, Edinburgh, Dundee, Aberdeen, Cent. Highlands, Moray Firth, N.E., N.W. Scotland, Orkney, Shetland
Outbreaks of rain. Wind N.W., gales in exposed places. Max. 10C-14C (50F-57F).

BUSINESS CENTRES

	Y'day Mid-day	°C	°F		Y'day Mid-day	°C	°F
Amstrdm.	R	12	54	Madrid	S	21	70
Athens	S	33	91	Manchstr.	C	14	57
Bahrain	S	35	95	Melbourne	F	9	48
Barcelona	S	21	70	Milan	F	23	73
Belfast	C	13	55	Montreal	C	26	79
Belgrade	F	21	70	Moscow	F	21	70
Berlin	C	15	59	Munich	C	14	57
Birmghm.	C	16	61	Newcastle	C	16	61
Bristol	F	18	64	New Delhi	S	30	86
Brussels	R	13	55	New York	S	27	81
Budapest	C	19	66	Oslo	Th	12	54
B. Aires	C	12	54	Paris	C	15	59
Cairo	S	41	107	Perth	S	16	61
Cardiff	F	15	59	Prague	C	16	61
Chicago	C	26	79	Reykjavik	R	11	52
Cologne	R	12	54	Rio de J'o	S	28	86
Copnhagn.	Th	12	54	Rome	F	23	73
Dublin	C	14	57	Singapore	C	28	83
Edinburgh	C	16	61	Stockholm	F	19	66
Frankfurt	C	14	57	Strasbrg.	C	16	61
Geneva	C	13	55	Sydney	F	12	54
Glasgow	C	13	55	Tel Aviv	S	28	82
Helsinki	C	16	61	Tokyo	C	32	90
H. Kong	S	32	89	Toronto	S	28	83
Jo'burg	S	16	61	Vienna	C	19	66
Lisbon	S	30	86	Warsaw	F	18	64
London	F	19	66	Zurich	C	13	55
Luxembrg.	C	11	52				

HOLIDAY RESORTS

Ajaccio	C	19	66	Las Plms.	F	25	77
Algiers	F	24	75	Locarno	F	24	75
Biarritz	F	18	64	Luxor	S	41	106
Blackpool	C	14	57	Majorca	S	25	77
Bordeaux	C	17	63	Malaga	S	25	77
Boulogne	F	14	57	Malta	S	27	81
Casblnca.	S	22	72	Nairobi	C	19	66
Cape Tn.	C	19	66	Naples	C	22	72
Corfu	S	29	84	Nice	S	21	70
Dubrovnik	C	22	72	Nicosia	S	35	95
Florence	C	20	68	Oporto	S	23	73
Funchal	S	21	70	Rhodes	S	30	86
Gibraltar	F	23	73	Salzburg	C	14	57
Guernsey	S	14	57	Tangier	S	27	81
Innsbruck	R	14	57	Tenerife	S	25	77
Inverness	C	13	55	Tunis	F	25	77
Is. of Man	C	12	54	Valencia	S	23	73
Istanbul	S	31	88	Venice	C	19	66

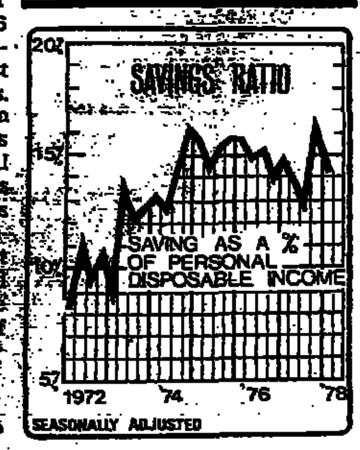
S—Sunny. F—Fair. C—Cloudy. R—Rain. Th—Thunderstorm.

THE LEX COLUMN

GEC hesitates, but Thorn leaps

A late rally yesterday after Thorn's dividend surprise cut the week's decline on the FT 30-Share Index to under 6 points, but the market has continued to drift in very quiet trading for most of the five days. This is typical of a period when an upturn in the economy is leading to increased financial pressures: the latest figures show a relatively buoyant gross domestic product and a declining savings ratio for the first quarter. But the gilt-edged market now looks a little more healthy after its recent bout of indigestion.

Index rose 3.5 to 455.6



Thorn

Who is right about dividends? Only a day after the mighty GEC, the stock market's standard bearer (currently sitting on £617m of cash) meekly explained why it could not recommend a "sudden and drastic increase" in its dividend, Thorn Electrical has popped up with a well-worn device to boost its dividend by 72 per cent. It is following Beecham and Boots and issuing a convertible Eurobond. The amount raised, $25m, is equivalent to less than 5 per cent of shareholders funds and is clearly not going to transform Thorn's financial structure. But the Treasury has nodded it through and Thorn shows no sign of being ashamed at passing on some of its cash to shareholders.

Of course, it is at pains to point out that this is not a window dressing manoeuvre—it prefers to call it an "exploratory exercise." It has between £40m and £50m of short-term foreign currency borrowings, which it wants to refinance, and is on the look-out for a major overseas acquisition (upwards of £50m, say). It intends to be back for more money at some stage and this issue will help it get its name known.

As for the results themselves, they are well up to expectations. Pre-tax profits are 8.2 per cent higher at £110.3m although if Thorn had not altered its accounting treatment for the Australian affiliate, AWA-Thorn, which has swung sharply into the red, the profit growth would have been halved to around 4 per cent. Meanwhile, attributable profits are some 5½ per cent lower after a once-and-for-all £8m extraordinary item covering the rationalisation costs in Thorn's troubled consumer electronics operations.

The problems here are well known—chronic overcapacity and wafer thin margins. Thorn reckons that in Europe at least, its recent rationalisation moves should enable it to break even, if not do better in the current year, which should not be too difficult since 60 per cent of its TV output goes to its own rental outlets.

Fortunately, the TV rental business continues to prosper, both here in the UK, where the group is increasing its outlets by 8 per cent per annum, and in Europe where the growth rate is more like 20 per cent. So, helped by an improved performance on the domestic appliance and lighting side, Thorn is reasonably confident about the current year. At 338p, the shares now yield 5.7 per cent and the dividend is covered 3¼ times.

Hambros

Two years ago Hambros Bank disclosed a provision of £9m against its Norwegian shipping loans, which was then said to arise from a "crisis of unprecedented severity in the shipping industry." This year Hambros has made a much bigger provision than that, but far from disclosing it, the bank has taken full advantage of the accounting privileges open to banks. Thus it has drawn on a substantial part of its secret inner reserves — generally reckoned to be quite large by merchant banking standards, and put at over £30m by some —and has also absorbed specific provisions set up last year. Moreover it has charged some of the losses against banking profits for the year, which at the halfway stage were heavily boosted by gilt-edged gains to give a total "well above" the corresponding level, but by the end of the year were over £1m lower at £5.17m net of tax.

The size of the to[tal] write-offs is a matter [of] guesswork, but estimates mu[st] start at £20m and work upwar[ds] from there. The references [to] present-day values show th[at] Hambros is ready for the wor[st] in some cases at least. Why u[nwilling to] disclose the figure? Apart fro[m] a general bankerly inclinati[on] towards secrecy, it would [be] unwise to show too many car[ds] face up during an Oslo pok[er] game which has not yet finishe[d].

Accounting being the wei[rd] and wonderful technique th[at] it is, Hambros is now able [to] show overall net profits whi[ch] —thanks to some equity po[rt]folio profits and one or tw[o] extraordinary items, notably t[he] Hambro Canada disposal—a[re] actually up from £8m to almo[st] £8.9m, while the dividend is [a] tenth higher. The shippi[ng] disaster can scarcely be brush[ed] aside, however, for the loss [of] a large part of the inn[er] reserves will apply balan[ce] sheet constraints to the banl['s] future growth. The share pri[ce] recovered 6p yesterday to 16[?] however, and a market capita[li]sation of £41m still represent[s a] sizeable discount on disclos[ed] net worth of some £67m. T[he] yield, meantime, is almost 9 p[er] cent.

Sotheby's

Sotheby's makes no secret [of] the limited value of its inter[im] statement as an indicator [of] performance for the year. B[ut] for its worth this shows pr[e-]tax profits up more than [a] quarter at £2.4m, with revenu[es] boosted almost 30 per cent [to] £13.6m. These figures do n[ot] include any of the commissio[n] from the record-breaking £18½[m] Von Hirsch sale last month, an[d] it seems a safe bet that gro[ss] fees from this alone will n[ot] have been far short of t[he] interim profit figure.

The most significant featu[re] of yesterday's announcement [is] the effective 28 per cent di[vi]dend increase, and the plan t[o] channel part of this through [a] capitalisation issue of 9½ pe[r] cent Cumulative Preferenc[e] Shares. The preference sha[re] scheme is being devised for th[e] usual reason—to allow existin[g] shareholders to cash in pa[rt] of their holdings without relin[]quishing any control. In th[e] case of Sotheby's, directors wi[ll] be selling a part of their pr[e]ference entitlement, represen[t]ing 18 per cent of the full issu[e]. This move comes only a yea[r] after the controlling shar[e]holders raised £5.8m from th[e] public when Sotheby's came t[o] the stock market.

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